Agenda Item No 6(b)

DERBYSHIRE COUNTY COUNCIL

CABINET

13 February 2020

**Report of the Executive Director for
Commissioning, Communities and Policy**

**Procurement Transformation Mid-Programme Update
Enterprising Procurement Vision & Mission
Procurement Strategy 2019-24 and Implementation Plan**

(CORPORATE SERVICES)

1 Purpose of the Report

1.1 Receive and review the Procurement Transformation Mid-Programme Update

1.2 Receive and review the Enterprising Procurement Vision & Mission

1.3 To note and approve the Council's Procurement Strategy 2019-24.

2 Information

The three attached documents provide the following;

2.1 An update of the progress to date on the delivery of the previous 2018-21 procurement strategy at the halfway stage of the Procurement Improvement Programme.

2.2 A description of additional actions taken which were outside the scope of the previous procurement strategy.

2.3 Explain how the Procurement Vision and Mission utilises CIPS best practice to shape the future activity of Corporate Procurement to most effectively support the Council achieve the objectives defined in the Council Plan 2017-21

2.4 An explanation of the move to an annually updated five year rolling strategy which will contain an annual plan of work deigned around CIPS best practice and changing organisational needs.

2.5 The annual iteration of the Procurement Strategy as required by the Councils Financial Regulations.

3 Background Papers
The following papers are attached
3.1 Procurement Transformation Mid-Programme Update
3.2 Enterprising Procurement Vision & Mission
3.3 Procurement Strategy 2019-24 and Implementation Plan

4 Officer's Recommendations

It is recommended that Cabinet:

4.1 Approve and endorse the Council's 2019 iteration of the Procurement Strategy covering the period 2019-2024

EMMA ALEXANDER

Executive Director for Commissioning, Communities and Policy

MID-PROGRAMME

UPDATE OF THE

2018-2021

PROCUREMENT STRATEGY

IMPLEMENTATION

PROGRAMME

Contents

Introduction and Overview of Year One of Two of the Procurement Strategy Implementation Programme

This document is an overview of the progress of the initial twelve months of the twenty four month programme to deliver the 2018-21 DCC Procurement Strategy and transform procurement. The update will give an overview of what has been completed to date and the approach being taken in the second half of the programme.

At the time of writing, 74% percent of the 2018-21 Procurement Strategy objectives have been either started, are awaiting IT or have been completed. Along with a number of other significant activities, which have been delivered that were not included in the original strategy, demonstrate significant progress within the first year. Of the remaining 16 items (25.8% overall), which have not yet been started, 12 (75%) of these will be addressed in a 'Value' programme which is being scoped and will be completed within the second year of this programme.

The remaining four items relate to strategic sourcing and supplier relationship management, which will be delivered via the implementation of category management, which will also be substantively completed in the second year, subject to successful recruitment.

It should be noted that a number of significant deliverables, which collectively form a procurement portal, are externally dependant on the DCC IT department and, whilst every effort has been made to support and assist where possible, County Procurement does not have control over the delivery of its technology capacity and capability other than with the use of Pro-Contract to which there is a dedicated stream of development activity.

Foundation Work and Fixing the Underlying Issues

DCC Procurement, now named 'County Procurement', is halfway through the implementation of the 2018-21 Procurement Strategy. DCC Procurement itself has over the last few years undergone a number of restructures and changes of leadership, which meant that more fundamental work had to be undertaken in parallel to the delivery of the Procurement Strategy. Morale was low and there was a lack of consistent leadership and management structure in place. This has now been resolved by a number of whole team development sessions and the implementation of a regular Procurement Leadership meeting.

A further fundamental issue has been in the availability of key information from which leadership decision can be made. Work has been undertaken to move a legacy bespoke in-house contract management database into the corporate Pro-Contract solution to give a 'single view of the truth'. The use of technology generally is lagging and a programme of work has been undertaken to introduce new technologies to improve visibility of performance and to aid decision making.

All of the activity and more has been completed in addition to the delivery of the Procurement Strategy. Many of the items identified were fundamental and items in the Procurement Strategy were dependant on them being in place before they could be delivered. Details of some of the major activities are found in the table in 1.3.

Note on the Existing and Future Procurement Strategy Development Process

It appears the historical approach to strategy writing was to take a point in time and to write a five year strategy from that point to five years into the future, at the end of which the process would start again. This created a number of issues, namely that the time to write the strategy and have it signed off would be in the region of 12 to 18 months meaning a gap in strategy, or starting the strategy three fifths of the way through the existing strategy delivery. Furthermore

the pace of change in the real world meant that the strategy would be in part outdated by the time the strategy was signed off and be completely outdated by the time it expired five years into the future.

Paragraph 2.6.3 of the Council's Standing Orders Relating to Contracts, Appendix 8B mandates a different approach, which is that: "2.6.3 The Chief Financial Officer is responsible for annually producing and updating the Procurement Strategy for approval by Cabinet." To ensure compliance with the Council's 'Standing Orders Relating to Contracts' and ensure that the Procurement Strategy remains current and relevant, a new approach is being adopted.

The Procurement Strategy will be constructed and maintained as follows.

The existing strategy will be reviewed and refreshed on an annual basis. It will cover five years into the future with the start and end year incrementally moved forward by one year, each subsequent year. E.g. 2018-23, 2019-24, 2020-25 and so on.

The strategy will have a short, medium and long term view based on what is known at the time of writing. This will ensure that the objectives that are more certain and tangible can be dealt with in the Annual Strategy Delivery Plan, where longer term horizon scanning can be dealt with in the medium/long term. This will maintain focus on the relevant, whilst keeping a weather eye on future developments.

The end of year Annual Strategy and Performance Review Report will record progress against the Annual Strategy Delivery Plan as set out in the previous iteration of the strategy. It will also record activities that were undertaken, which were not included in the original strategy, which may be then added to the next iteration strategy if deemed appropriate.

Each annual revision of the Procurement Strategy will include an Annual Strategy Delivery Plan, which delivers elements of the strategy that are deemed relevant or in need of action in the following twelve months.

This mid-programme update will comprise of a pack of documents, which collectively cover off the delivery 2018-23 Procurement Strategy; develop a different method of strategy creation and delivery; align the procurement transformation programme to the DCC 'Enterprising Council Approach' and 'Derbyshire Council Plan 2019-2021; and create the 2019-2024 Procurement Strategy, including the Annual Strategy Delivery Plan. The documents included in the mid-programme update are as follows:

- This Mid-Programme Update Report;
- The Enterprising Procurement Paper Vision and Mission document; and
- The 2019-2024 Procurement Strategy and Annual Strategy Delivery Plan

Note on work that has been undertaken, which was not included in the Procurement Strategy

As stated above in the Introduction and Overview, there have been a number of additional activities that have been completed that were not included in the Procurement Strategy. A table of the major items is included below.

Description	Status
1. Implementation of Scrum/Agile As there is no surplus funds available to set up a traditional Prince 2 project management office, the use of scrum and agile has been adopted by the transformation programme to ensure delivery. This is a lightweight but powerful approach to project management which allowed the first piece of programme delivery to be achieved in just sixteen working days after	Complete

programme kick off. Additional support in scrum and agile methodologies has also been provided to Enterprising Council, Highways and DCC Traded services.	
2. Creation of an annual forward plan of procurements process, driven by the contracts database, which will be annually reviewed by the various service areas and will be used as the basis for the planning of procurement activity though the year.	Progressing
3. Data Migration to ProContract A large effort has been expended to bring all of the contract data from the Corporate Procurement SQL database and the wider Council into the Council's centrally managed ProContract system, which when fully completed will mean that all contract information will reside in a single location and enable reporting and status of procurements/contract to be more easily monitored and manged. When complete this will also automate the generation of the transparency data, which at present is a multi-stage manual process, which is inefficient and error prone. A copy of the Procurement Data Cleanse Phase 1 Completion Report is included as Appendix 3 to give further insight into the process being undertaken.	Progressing due complete December 2019
4. Retraining of all procurement staff in the use of Pro-Contract with plans to extend this to the wider DCC user group as part of ongoing efforts to raise standards of knowledge and the reduction of errors in the system.	Ongoing
5. Creation of a Procurement Support Function within the Council's Core Business System team. Procurement resource has been transferred into the team to enable the County Procurement team to focus on strategic procurement and to maintain data integrity in the system and to develop analysis capability. In addition, the Core Business System Team has taken over the management of the Pro-Contract system to provide technical support, training, system enhancement and to fully exploit the features of the Pro-contract system which had previously not been utilised.	Complete
6. Development of Enterprising Procurement It is clear that the current Procurement Strategy does not go far enough and is not clear enough as to how it will deliver savings and an excellent procurement function. In addition, DCC Standing Orders relating to Contracts mandate that the Procurement Strategy will be refreshed every year and submitted to members for sign off.	Complete
7. Standardised DCC Savings Methodology There is at present no standardised methodology for reporting and validating savings made and as such at present corporate procurement savings self-validated and hence could be challenged. A draft savings validations process paper has been created and has been being circulated to technical finance for approval before being adopted.	Progressing
8. Relocated the Procurement Team from County Hall to Chatsworth Hall. This dealt with a number of fundamental issues such as standardisation of process and developing closer team working, stronger identity, improved morale and overall performance.	Done
9. Creation of a single repository and process to monitor business case by protocol type and to capture their progress through the stages of development. This data is informing the improvement of procurement protocols, identifying bottlenecks and reducing lag in the business case system.	Done - BAU
10. Development of a Procurement Reporting Pack, which will capture all relevant procurement metrics and data such as tracking progress against the forward plans of procurement, savings made and spend against contract etc., which will eventually be published across the organisation.	Progressing

A draft of the Procurement Reporting Pack is attached to this document as Appendix 2 to give a sense of how this is progressing, though further development work is underway.	

Procurement Strategy Delivery Performance Metrics

Below are a series of visualisations of the status of the Procurement Strategy objectives and their progress. It should be noted that there is no estimation of the quantum of effort or weighting given to each of the objectives or their sub-components as it was deemed disproportionate at this juncture as the objective is to give a general overview of progress against the current Procurement Strategy.

In the delivery of the projects within the new Procurement Strategy, objectives will be given an estimate of relative effort to other strategic deliverables to enable more accurate recording of progress. At present a small piece of work or functionality that is completed will carry the same weighting as a large strategic objective sub-element that is completed.

Note on the colour coding used in the document

The document uses a typical Red, Amber, Green (RAG) colour coding system based on the following criteria.

Colour	Criteria
Red	The work has not been started. This does not mean that there is an issue, only that the work has not begun. All aspects of the strategy have a proposed solution, however, not all have been initiated at this moment in time. Red should not be read as an exception or issue, only a comment on its status regarding stage of delivery. Any issues in the programme during the day-to-day running of the programme will be reported by the HoP to the Dir of Finance and dealt with as appropriate.
Amber	Items that have begun and are underway. This will include items where there are external dependencies, or where the scale of the work means that it has not yet been completed.
Green	The item is complete and no further work is required. The item in question may have moved into business as usual and may, as a result, require ongoing updating or reporting on. Though for the purposes of this change programme, no further change work is required at this point. Items may enter the change programme at a future date if required.

TABLE 1, LIST OF THE STRATEGY OBJECTIVES AND NUMBER OF SUB-ELEMENTS IN EACH

Objective Title	% of Total	Count of items
Objective 1: Governance and Guidance	20.97%	13
Objective 2: Value for Money (VfM)	11.29%	7
Objective 3: Social Value	9.68%	6
Objective 4: Skills and Development	12.90%	8
Objective 5: Strategic Sourcing	19.35%	12

Objective 6: Category Leads	8.06%	5
Objective 7: Supplier Relationship Management (SRM)	17.74%	11
Grand Total	**100.00%**	**62**

FIGURE 1, PIE CHART OF STRATEGY DELIVERY BY STATUS

% of total delivery by status

Not yet started — 25.81%
Progressing — 46.77%
Complete — 27.42%
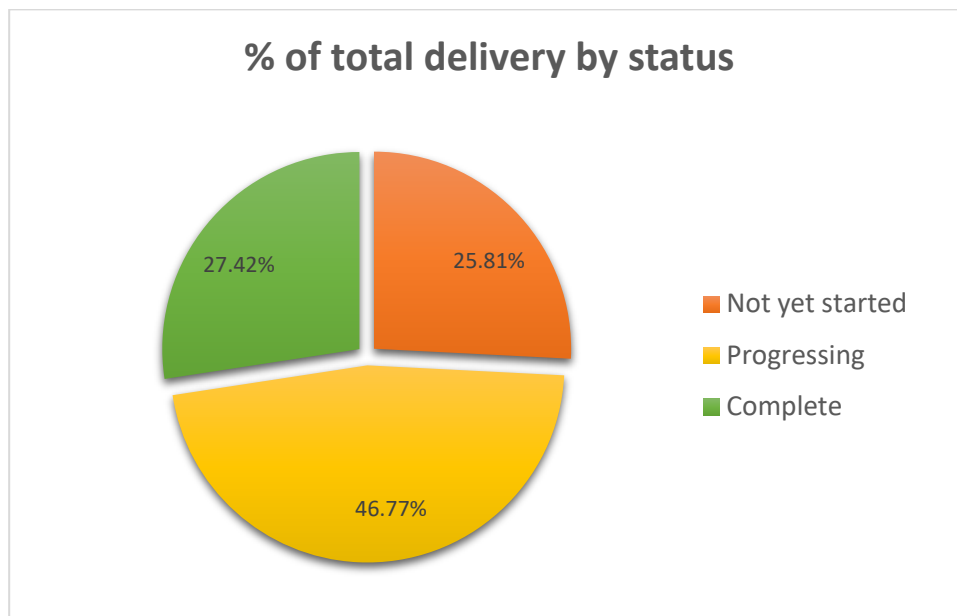
Pie chart at figure 1, shows that 74.2% of the strategic objectives have been either started or are complete. Of the 25.81% total 'Not yet started', twelve of those which account for 75% are in the Value for Money and Social value which are planned for the second year of the programme, with the Social Value project having been started slightly ahead of time, though the project is embryonic and it is not currently reported as progressing owing to its early stage.

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TABLE 2, COUNT AND PERCENTAGE BY STATUS

Row Labels	% of Total	Count by Current Status
Not yet started	25.81%	16
Progressing	46.77%	29
Complete	27.42%	17
Grand Total	**100.00%**	**62**

TABLE 3, COUNT OF RAG BY OBJECTIVE

Objective Title	Not yet started	Progressing	Complete
Objective 1: Governance and Guidance	1	7	6
Objective 2: Value for Money (VfM)	6	1	1
Objective 3: Social Value	6	1	1
Objective 4: Skills and Development	1	2	6

Objective 5: Strategic Sourcing	2	7	3
Objective 6: Category Leads	1	5	1
Objective 7: Supplier Relationship Management (SRM)	2	8	1
Grand Total	**16**	**29**	**17**
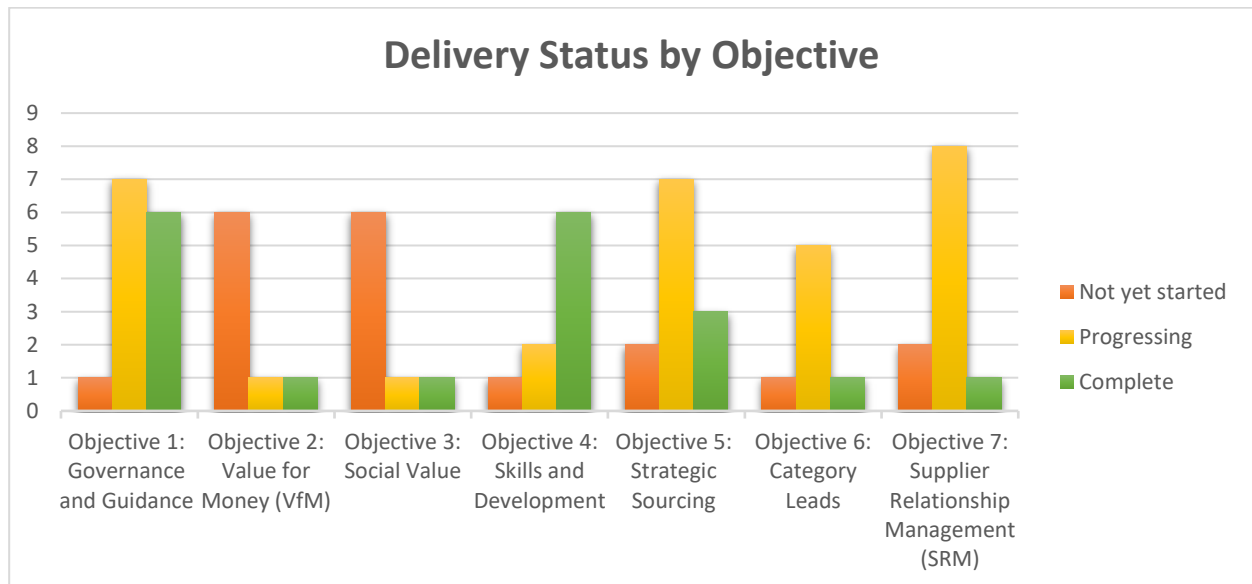
Appendix 1, Table 4 -2018-2023 Procurement Strategy Delivery Status and Comment

Objective Theme	No	Objective Title	Current Status	Comment
Objective 1: Governance and Guidance	**1.1**	Engage with the Enterprising Council Board with Council-wide representation and implement, appropriate governance arrangements with a remit to review Strategic Sourcing and Supplier Relationship Management and make recommendations for improvement;	Progressing	Completed a series of engagement events with the Enterprising Council (EC) Programme. Have supported/ implemented Scrum and Agile. The EC Programme has been used to inform the Enterprising Procurement Vision and Mission Paper. The specific review of Strategic Sourcing and Supplier Relationship Management is picked up in other specific areas and is delivered via the Enterprising Procurement Business Case. Future requirements with the EC Programme will be monitored by regular check in sessions. It is not envisaged that this Objective will be carried forward other than delivering the Enterprising Procurement business case.
Objective 1: Governance and Guidance	**1.2**	Implement a risk-tolerance policy to encourage flexibility in procurement and reduce the timescales required for procurement;	Done	Procurement has adopted and is implementing the Council's Risk Management Strategy. As a result there is now a County Procurement Team Risk Register which is regularly updated and monitored. Further refinements are underway. Risk management is now a standing item on the County Procurement monthly meeting with the register being reviewed.
Objective 1: Governance and Guidance	1.3	Introduce more risk-tolerant procedures to promote flexibility in procurement and reduce procurement timescales by removing the need, under the Council's Financial Regulations, to seek Cabinet/Cabinet Member approval to procure where a procurement has not been included in a	Done	Procurement has adopted and is implementing the Council's Risk Management Strategy. As a result there is now a County Procurement Team Risk Register which is regularity updated and monitored. Financial Regulations were updated 01/04/19 which removed the requirement for Cabinet approval to procure and award on a project by project basis. A procurement Forward

		Service Plan, meaning that only approval to award will now be required;		Plan is now produced at a departmental level on an annual bases and approval is sought from Cabinet as part of the Departmental Service Plan. Approval to award has also been delegated to Executive Directors in line with the Departmental Scheme of Delegation. In addition, there is an understanding that the Council's Standing Orders Relating to Contracts are to be reviewed in October/November 2019 to which County Procurement will have input.
Objective 1: Governance and Guidance	1.4	Secure commitment to effective, consistent and coordinated procurement from members and officers in order to achieve the delivery of high quality, innovative and cost-effective services;	Progressing	Creation of the Category Management approach will deliver consistent engagement with the organisation. A regular monthly planning meeting and process to monitor progress has been established with ETE and remaining business areas once recruitment is completed.
Objective 1: Governance and Guidance	1.5	Require procurement practitioners to remain up to date with policy, guidance and legislative changes affecting procurement;	Done	A training audit has been completed and courses made available, specific training in Pro-Contract and Light Touch regime and the use of skype have been delivered with more to follow. Staff developmental requirements are now being recorded as part of staff supervision (1-2-1) sessions and collective requirements monitored to ensure future training address team wide requirements.
Objective 1: Governance and Guidance	1.6	Support the implementation and delivery of the Enterprising Council 'Early Starts' Programme;	Done	Support has been provided to Enterprising Council across a number of its work streams, however, as of yet no specific request has been made to support with the Early Starts Programme. Support will be offered as and when it is requested.
Objective 1: Governance and Guidance	1.7	Ensure the transfer of learning and development from the Enterprising Council approach to influence both commissioning and procurement practices and iterate guidance where appropriate;	Done	There is not currently any learning and development material emanating from the Enterprising Council programme. Once this is made available it will be implemented.
Objective 1: Governance and Guidance	1.8	Develop, and update as required, standard template procurement documentation to be used across the Council;	Progressing	Initial work has been done to audit and catalogue the currently used materials and further work has been done to standardise and automate the templates. This will

				eventually be held in the Procurement Portal which is awaiting ICT to deliver. Additional work will be undertaken to standardise where possible, to ensure that there are only variances in the core document set where required, which will be distributed using EDRM until such time as the Procurement Portal is live.
Objective 1: Governance and Guidance	1.9	Publish and monitor the use of standard procurement documentation templates and associated guidance on the Council's Procurement Connection website;	Progressing	Initial work has been done to audit the currently used materials and further work has been done to standardise and automate the templates as per 1.8. It is not appropriate to use the Procurement Connection website to store the Council's internal procurement documentation as this creates confusion for anyone trying to do business with the Council. The live document set and explanatory materials will be presented through the Procurement Pilot which is awaiting ICT.
Objective 1: Governance and Guidance	1.10	Raise awareness and share understanding within the Council of the complex regulatory framework in which procurement operates, and improve understanding of high risks in respect of financial, legal, environmental, health & safety and reputational impacts;	Progressing	There has been a number of training sessions to update the organisation on the updated Standing Orders Relating to Contracts which are part of the Financial Regulations, the feedback from which was used to provide further enhancements to the document

Further training has been provided on changes to the use of ProContract and further work will be undertaken to increase awareness using the Procurement Portal.

This will, in part, be achieved using the Procurement Portal which is currently awaiting ICT. The structure of procurement will be changed to align itself with the organisational structure and will allow for an account management type approach with material being disseminated via the relevant procurement leads. This approach has been successfully piloted in ETE. |

Objective 1: Governance and Guidance	1.11	Share information and best practice with other local authorities;	Done	The Council has now reconnected with the East Midlands Procurement Hub to give it a stronger voice in the region. Specific pieces of work have been undertaken with Nottingham City on a DPS for taxi services and with Lincolnshire for DFG grants. This is now part of the culture and will continue to be strengthened as part of BAU.
Objective 1: Governance and Guidance	1.12	Develop an eLearning module to provide all current and new Council staff with an understanding of procurement;	Progressing	Work is underway to reconfigure the induction pack, this will eventually be translated into an eLearning module. This will, in part, be achieved using the Procurement Portal which is currently awaiting ICT. At present the current Intranet is not able to support the creation of eLearning module. Discussion with the Council's e-content team is also scheduled to look at possibilities of an online learning module on the Standing Orders Relating to Contracts which are part of the Financial Regulations. It is envisaged that self-service training will be made available via the Procurement Portal. Work will be undertaken to review which parts of training should be made compulsory.
Objective 1: Governance and Guidance	1.13	Publish datasets in line with, and where possible exceeding, the requirements of the Local Government Transparency Code 2014 (The Code).	Progressing Due Dec 2019	A large effort has been put into loading all of the Council's contract data, which was not contained in any single system into the ProContract system. The ProContract system automates the publication of contract notification in keeping with the government Transparency Code. Once all of the contracts are loaded into ProContract they will be made live, meeting the Council's Transparency obligations.

Objective 2: Value for Money (VfM)	2.1	Establish and develop a VfM Board to oversee VfM reviews of key contracts, supporting its representatives to undertake reviews and make recommendations;	Done	Complete, however, this does not undertake a corporate wide approach to value for money, so this will be picked up in a wider project that will look at value.
Objective 2: Value for Money (VfM)	2.2	Support and promote an understanding of what VfM means in practice across the Council;	Not yet started	As per 2.1
Objective 2: Value for Money (VfM)	2.3	Maintain VfM as a key principle underlying all procurement processes and ensure it remains a clear and central focus through the life cycle and management of all contractual arrangements;	Not yet started	As per 2.1
Objective 2: Value for Money (VfM)	2.4	Develop whole life costing models to assess and evaluate costs and benefits (including social value) over the lifetime of goods, works and services;	Not yet started	As per 2.1
Objective 2: Value for Money (VfM)	2.5	Encourage and promote the use of joint working, collaboration and partnership arrangements, to deliver cost savings through economies of scale	Not yet started	As per 2.1
Objective 2: Value for Money (VfM)	2.6	Deliver year on year efficiencies and savings through the contractual arrangements we establish and manage;	Not yet started	As per 2.1
Objective 2: Value for Money (VfM)	2.7	Challenging procurement approaches which do not optimise VfM.	Not yet started	As per 2.1
Objective 3: Social Value	3.1	Ensure contractual terms require primary contractors to act fairly in their dealings with sub-contractors and supply chains, including mandating timely payments;	Not yet started	The section on social value will be reviewed in a wider workstream on value. Where relevant and plausible, County Procurement will work with Legal to ensure

				contractual terms drive behaviours which deliver enhanced social value.
Objective 3: Social Value	3.2	Consider, for each procurement project, how and what is procured might improve the economic, social, and environmental well-being of Derbyshire residents and how that improvement might be secured, where relevant and proportionate – in line with the Public Services (Social Value) Act 2012;	Not yet started	See 2.1
Objective 3: Social Value	3.3	Ensure technical specifications address the requirement for services to be equally accessible to everyone and appropriate to the diverse needs of all sections of the Derbyshire community;	Not yet started	See 2.1
Objective 3: Social Value	3.4	Consider whether it is appropriate, on the basis of the user requirement and specification, to reserve contracts for organisations providing supported employment opportunities for people with disabilities;	Not yet started	See 2.1
Objective 3: Social Value	3.5	Produce clear guidance on additional value principles into procurement decision making such as the use of sustainability, equalities and Social Value impact assessments;	Not yet started	See 2.1
Objective 3: Social Value	3.6	Review our implementation of the Public Services (Social Value) Act 2012 to ensure it remains proportionate and fit for purpose	Not yet started	See 2.1
Objective 4: Skills and Development	4.1	Ensure that procurement practitioners have the necessary commercial skills to engage and develop relationships with providers, as well as engage and negotiate effectively with suppliers to influence and respond to a change in demand or supplier approach;	Progressing – Ongoing BAU	An Enterprising Procurement Vision & Mission paper has been written to create a commercial capability in the County Procurement Team. This will provide the required commercial capability. This is agreed in principle by Pete Handford and will be submitted as a

				business case in October 2019 along with the annually updated procurement strategy.
Objective 4: Skills and Development	4.2	Ensure that procurement practitioners have access to training and development opportunities including, where appropriate, formal procurement qualifications and professional development;	Done	A skills audit has been undertaken and training made available to all those identified as requiring it. A process for promoting development opportunities within the procurement category teams has been introduced where staff are able to move between teams when vacancies occur. This offers opportunities to team members to develop knowledge of regulations, which are more applicable to particular procurement categories such as LTR and major works procurements.
Objective 4: Skills and Development	4.3	Commit to a positive learning culture through adopting a 'train the trainer' and a skills and knowledge sharing approach;	Done	Regular training is now being provided and internal resources are undertaking training each other where appropriate, this is augmented with external specialists where it is deemed necessary. An example has been the insourcing and upskilling of Council staff in ProContract where we now have undertaken a knowledge transfer process and have sufficient in-house capability to support ourselves in all but the most technical elements of the system. Tech Champions have been identified to accelerate and enhance the uptake of technology in the team. Bringing the team together into a single open plan environment has created a culture of skills and knowledge sharing.
Objective 4: Skills and Development	4.4	Require all procurement practitioners to undertake regularly scheduled 'My Plan' meetings to identify personal and professional development plans and	Done	All My Plan meetings are regularity conducted by management with their staff through regular 1 2 1 meetings. Developmental requirements are recorded

		objectives, including where applicable achieving the qualification of MCIPS (Member of Chartered Institute of Procurement & Supply);		and collective requirements monitored to ensure future training address team wide requirements.
Objective 4: Skills and Development	4.5	Require all procurement practitioners to retain membership of CIPS (Chartered Institute of Procurement & Supply);	Done	Done
Objective 4: Skills and Development	4.6	Require MCIPS procurement practitioners to maintain an appropriate CPD (Continuing Personal Development) programme to record their annual development activity;	Done	Done
Objective 4: Skills and Development	4.7	Gather evidence and case studies of good and effective commissioning and procurement to share and enable best practice;	Progressing	Procurement staff regularly pass information from industry, press and personal experience to each other. It is envisaged that this will eventually be put into the Procurement Portal once it becomes available. This will be further enhanced with the Procurement Portal and associated Team Site
Objective 4: Skills and Development	4.8	Adopt best practice in procurement in a holistic way.	Done	Done - The team ethos and culture creates a holistic approach to procurement.
Objective 5: Strategic Sourcing	5.1	Utilise benchmarking where possible to understand how the Council's contracts perform in comparison to similar contractual arrangements put in place by comparable organisations and the NPS for Local Government in England (current version 2014);	Not yet started	Not yet started. This element is dependent on the there being reliable and sufficient quantities of data to enable detailed analysis of category spend. Work is underway to facilitate this.
Objective 5: Strategic Sourcing	5.2	Use the information available through the Council's Core Finance and Procurement System (SAP) to identify high volume - low value and repeat off-contract purchases;	Progressing	Data from SAP is available from the SAP team, but is not routinely analysed. Initial work completed using Microsoft Power BI, further work will be completed using the Procurement Commercial Capability once in place.

Objective 5: Strategic Sourcing	5.3	Consider, where appropriate, the options to break-down and package requirements into Lots, to open more opportunities to a larger more diverse number of suppliers, including those in the local area;	Progressing	Work is underway to increase the use of Dynamic Purchasing Systems to lower barriers to entry and allow SMEs and local companies' easier access to Council opportunities. Additional work in further developing data analytics capabilities will be used to find market opportunities, which ensure procurements have as wide a participation as is possible including local providers. Once the category management structure is in place, there will be the ability to feedback market structure data to the organisation.
Objective 5: Strategic Sourcing	5.4	Work with partner organisations including the Derbyshire Economic Partnership, The East Midlands Chamber of Commerce and The Federation of Small Businesses to support SMEs and VCSEs to improve access to information about the Council's procurement processes and the tender opportunities advertised by the Council;	Not yet started	This will be picked up in Wave 2, part of the wider information and interface work.
Objective 5: Strategic Sourcing	5.5	Continue to promote the Source Derbyshire website (www.sourcederbyshire.co.uk), which is part of the wider Source East Midlands initiative, as the primary location where information about all of the Council's tenders can be found, including information on the option to set up tender alerts for future opportunities;	Progressing	Consideration is being given to the ongoing benefit of Source Derbyshire – analysis has shown a dramatic reduction in usage since the change in Procurement regulation which required all opportunities to be advertised via Contract Finder. Members of the EMHOP (East Midlands Heads of Procurement) are considering options for continuation. It should also be noted that the sites have also been superseded with the introduction of ProContract. Source Derbyshire may be kept live, but with only a direction 'link' back to the ProContract site.
Objective 5: Strategic Sourcing	5.6	Promote opportunities for collaboration between departments and other public sector bodies, to make better use of available procurement resources;	Progressing	This is being picked up during events and will ultimately be the responsibility of the category leaders as they develop their relationships.

This has begun via the ETE and Property monthly meetings and will be further enhanced by the |

				implementation of category management where category managers will share opportunities for collaboration where spend categories warrant it. Once target areas of send are identified, networks will be checked for partner opportunities. External opportunities will be taken on a case by case basis as is with Sinfin and collaborate with Derbyshire Dales District Council. Closer working with Nottingham City and other councils via the regional head of procurement board may also yield further opportunities.
Objective 5: Strategic Sourcing	5.7	Become the business partner of choice;	Done	Done - County Procurement is the business partner of choice
Objective 5: Strategic Sourcing	5.8	Extend the use of available procurement technology across the Council, including the Council's retendering portal and capitalising on the benefits of the additional functionality being developed through SAP;	Progressing	The Councils e-tendering portal (ProContract) is being enhanced and developed to make the existing functionality much easier to use, leading to a number of process/time efficiencies such as with online tender evaluation. Management of the system has been handed over to the 'Core Business Systems Team' who will ensure future development is maintained and the system knowledge is kept in-house. A mid and long term technology strategy will be developed over the next 12 months to ensure procurement takes advantage of technology as new developments arise. Future developments will look at the new capability within SAP HANA and the potential for using the SAP Ariba system. Work is underway to develop a procurement portal using Microsoft Enterprise E365. This is dependent on ICT

					which at present is getting to grips with the implementation and as such this Objective is externally dependant.
Objective 5: Strategic Sourcing	5.9	Take a risk-tolerant approach that is proportionate to the contract, and where appropriate empowering local decision making;	Done		County Procurement has adopted the council's risk management process which will used to develop a County Procurement Specific Risk Log.
Objective 5: Strategic Sourcing	5.10	Work with partner organisations to promote effective collaboration to achieve economies of scale, greater buying power and VfM;	Progressing		The Council has co-procured its procurement portal thought the East Midlands Procurement Partnership of which the Council is an active member. As the category management is implemented, the subsequent category analysis and benchmarking will identify opportunities for partnering. Category managers will also work with their respective business partners to review Forward Plans and emerging requirements to identify areas of collaboration.
Objective 5: Strategic Sourcing	5.11	As part of the Enterprising Council approach, support the review of services and facilitate the consideration of alternative delivery mechanisms;	Done		Done - County Procurement is connected in with the Enterprising Council Programme and will assist as required.
Objective 5: Strategic Sourcing	5.12	Establishment of appropriate governance arrangements, responsible to the Enterprising Council Board, to oversee the development of the Strategic Sourcing approach and to identify opportunities for improving outcomes and/or increasing VfM through a strategic review of planned procurements.	Progressing		Although not governed by ECB, procurement work has stated with departments via monthly procurement review meetings held at assistant/director level. The department's entire contractual landscape has now been made visible and procurements can be considered and planned as part of that entire landscape. A pilot approach has been tested with ETE and will be rolled out more widely once category managers are in place.
Objective 6: Category Leads	6.1	Identify the main spend categories across the Council, through an assessment of	Progressing		Work is underway to develop data analytics capability. This model will be developed further to give a map of

		current and future requirements, historical spend and existing arrangements;		spend across the organisation which will be used by category leads in working with their respective teams.
Objective 6: Category Leads	6.2	Develop innovative and bespoke strategies and goals for each category that address the specific challenges, risks and opportunities of that business area;	Progressing,	This will be delivered by the category leads once in place.
Objective 6: Category Leads	6.3	Utilise in depth knowledge of the business need, market, supplier base, and delivery options to develop the requirements and procurement processes that are most appropriate to the specific areas of the market;	Progressing	This will be delivered by the category leads once in place.
Objective 6: Category Leads	6.4	Continuously monitor and develop the category areas, to address both changes in the markets and additional areas of spend that the Corporate Procurement Service is involved with;	Progressing	This will be delivered by the category leads once in place.
Objective 6: Category Leads	6.5	Review market information to identify areas where there is significant risk to service viability and sustainability.	Progressing	This will be delivered by the category leads once in place.
Objective 7: Supplier Relationship Management (SRM)	7.1	Adopt a robust approach to contract and supplier management;	Not yet started	This needs further work – Wil be picked up in Year 2 of the programme.
Objective 7: Supplier Relationship Management (SRM)	7.2	Ensure SRM, including contract management, is recognised as an integral part of the procurement cycle, integrated into the procurement process and can be evidenced;	Progressing	SRM will be delivered once the structure is configured to category management. Once in place the category plans for each category will cover off the SRM elements. Data management has now been enabled in ProContract to drive the initiation of new procurements. There will be further automation and embedding of SRM in the procurement portal and potential further enhancements of ProContract and SAP once initial analysis is complete.

Objective 7: Supplier Relationship Management (SRM)	7.3	Scrutinise contractual arrangements following award, including consistent measuring and monitoring throughout their life cycle, to ensure the stated benefits and service levels are achieved;	Progressing	Contract management will be delivered via the category management structure once in place during the second half of the programme delivery. This will be supported by improved data and underpinned by a consistent approach, enabled by an enhanced technology solution.
Objective 7: Supplier Relationship Management (SRM)	7.4	Apply a pro-active and effective approach to the management of established contractual arrangements, ensuring suppliers are supported to enable them to meet their obligations; determine and manage risks; and identify and introduce opportunities to generate further savings and efficiencies.	Progressing	Contract management will be delivered via the category management structure once in place during the second half of the programme delivery.
Objective 7: Supplier Relationship Management (SRM)	7.5	Identify and develop bespoke performance measures and indicators that are relevant to specific requirements and contractual arrangements;	Progressing	Contractual performance measures are created during the contracting process. Further work will be done to enhance once the category structure is in place. Work is underway to use contract data held in ProContract as well as data held in the SAP system to create insight.
Objective 7: Supplier Relationship Management (SRM)	7.6	Ensure we have the most appropriate and proportionate commercial mechanisms in place for SRM, including contract management. Identifying strengths and weaknesses and applying this knowledge and understanding to new contracts;	Progressing	This will be delivered as part of the SRM duties of the category teams.
Objective 7: Supplier Relationship Management (SRM)	7.7	Develop processes to identify contractual spend, benefits, efficiencies and feedback from stakeholders regarding the quality of goods, works or services provided;	Progressing	This will be delivered as part of the spend analysis element of the wider reporting work that is underway.
Objective 7: Supplier Relationship	7.8	Seek innovation from suppliers to help improve efficiency and reduce procurement and operational costs;	Not yet started	This is picked up during the procurement process and in the development of the specification. Soft market testing is undertaken as part of the procurement process though this is not routine or

Management (SRM)				codified. Further work will systematise the requirement for innovation, encouraging and rewarding suppliers for being innovative. This needs to be couplbed with a culture of innovation within the Council itself to maximise the benefit derived from innovation in the market. There is currently a lack of understanding of how to measure and capture innovation in a meaningful way during the procurement process. Work will be undertaken in the second half of the programme delivery to develop a full approach to innovation
Objective 7: Supplier Relationship Management (SRM)	7.9	Develop a corporate approach to recording and monitoring contractual arrangements;	Progressing	Contracts are now being captured in Pro-contract which is the corporate standard system. Contracts which were held in the Corporate procurement contract management database and in departments are being created in ProContract. This will create a 'single version of the truth' and enable accurate analysis of performance and forecasting of known activity. Further work will be undertaken by the Category Managers to bring other areas of the Council into Procontract to ensure there is 100% contract visibility and contracted spend under management. Work will be undertaken to ensure that the Council's Standing Orders Relating to Contracts ensure that Contracts are effectively managed.
Objective 7: Supplier Relationship Management (SRM)	7.1	Monitor suppliers and markets to ensure there is early warning regarding challenges faced by individual suppliers or specific sectors;	Done	The Council has signed up to a credit rating service which actively sends reports to the Council in the case that a supplier has issues. In addition finance colleagues receive audit alerts whereby other Councils and Audit Commission are aware of potential issues and they share with us or if we get an insolvency notice in respect

				of a customer we also check if they are also a supplier and block the account. Once data is in place County Procurement will investigate a system to ensure that where suppliers are at risk of commercial failure that the Council is warned in good time allowing for mitigation actions to be put in place.
Objective 7: Supplier Relationship Management (SRM)	7.11	Using the relevant mechanisms such as the Enterprising Council Board and VfM Board, to monitor compliance with contractual terms, ensuring procurement activity commences in a timely way to avoid unnecessary contract extensions and/or price increases; to ensure a whole Council view of contract end dates to enable strategic review of the appropriate consolidation of individual contracts, to fit with the Council's strategic priorities.	Progressing	This is progressing although not via the ECB or VFM Board. Monthly procurement review meetings are now held at assistant/director level with ETE & Property. The department's entire contractual landscape has now been made visible and procurements are being considered and planned in line with the agreed Forward Plan of procurements to ensure procurement activity commences in a timely way to avoid unnecessary contract extensions. This approach will be rolled out to other business areas once the category leads are appointed. Once in place the creation of a Procurement Governance Board is proposed to support a more strategic view and the appropriate consolidation of individual contracts Annual planning is captured via a Forward Plan of procurements, using Procontract to trigger re-procurements, review of business cases e.g. protocol 10 to change business case.

Objective Theme	No	Q4 18	Q1 19	Q2 19	Q3 19	Include in 2019-24 Strategy	Q4 19	Q1 20	Q2 20	Q3 20
Objective 1: Governance and Guidance	1.1					No - Initial requirement from Enterprising Council did not manifest, SRM will be picked up elsewhere.				
Objective 1: Governance and Guidance	1.2			(green)		Part of BAU – Process and Governance				
Objective 1: Governance and Guidance	1.3			(green)		Part of BAU – Process and Governance				
Objective 1: Governance and Guidance	1.4		(green)			Residual part of Technology	(orange)	(orange)	(orange)	(orange)
Objective 1: Governance and Guidance	1.5			(green)		No – BAU - People				
Objective 1: Governance and Guidance	1.6		(green)			No – Project Specific				
Objective 1: Governance and Guidance	1.7					No - Initial requirement from Enterprising Council did not manifest, will include in work plan if required				
Objective 1: Governance and Guidance	1.8		(green)	(green)		Residual work will be completed in the Information works stream in the Procurement Portal.	(orange)	(orange)	(orange)	(orange)
Objective 1: Governance and Guidance	1.9			(green)	(green)	Further work carried out under the Process work stream, more to do, once standard documents are completed they will be distributed via the Procurement Portal	(green)	(green)		
Objective 1: Governance and Guidance	1.10			(green)		Residual activity continues in the Information work stream in the procurement portal.				

Objective Theme	No	Q4 18	Q1 19	Q2 19	Q3 19	Include in 2019-24 Strategy	Q4 19	Q1 20	Q2 20	Q3 20
Objective 1: Governance and Guidance	1.11		Green	Green	Green	No - Will continue as part of BAU.				
Objective 1: Governance and Guidance	1.12					Original requirement unlikely to be completed in its original form, though training material will be delivered through the Procurement Portal. (Amber)			Green	Green
Objective 1: Governance and Guidance	1.13					Work almost complete due Dec 2019 – will continue as BAU in the information work stream. (Amber)	Green			
Objective 2: Value for Money (VfM)	2.1		Green			Board operational, further work on VFM rolled into the governance strand. (Green)	Green	Green		
Objective 2: Value for Money (VfM)	2.2					Despite a VFM Board being created there is no clear approach to VFM within the Council. A project will be created to develop a cohearent approach to VFM (Red)	Green			
Objective 2: Value for Money (VfM)	2.3					(Red)	Green			
Objective 2: Value for Money (VfM)	2.4					(Red)	Green			
Objective 2: Value for Money (VfM)	2.5					(Red)	Green			
Objective 2: Value for Money (VfM)	2.6					(Red)	Green			
Objective 2: Value for Money (VfM)	2.7					(Red)	Green			
Objective 3: Social Value	3.1					The social value obligations will be included in the VFM project. (Red)	Green			
Objective 3: Social Value	3.2					(Red)	Green			
Objective 3: Social Value	3.3					(Red)	Green			
Objective 3: Social Value	3.4					(Red)	Green			

Objective Theme	No	Q4 18	Q1 19	Q2 19	Q3 19	Include in 2019-24 Strategy	Q4 19	Q1 20	Q2 20	Q3 20
Objective 3: Social Value	3.5									
Objective 3: Social Value	3.6									
Objective 4: Skills and Development	4.1					To be delivered as an outcome of the Enterprising Procurement Paper				
Objective 4: Skills and Development	4.2					Complete – Further work will be BAU under the People strand.				
Objective 4: Skills and Development	4.3					Complete – Further work will be BAU under the People strand.				
Objective 4: Skills and Development	4.4					Done				
Objective 4: Skills and Development	4.5					Done				
Objective 4: Skills and Development	4.6					Done				
Objective 4: Skills and Development	4.7					Done in part, further work will be completed in the information strand and disseminated via the Procurement Portal.				
Objective 4: Skills and Development	4.8					The procurement team culture has radically transformed over the last 12 months.				
Objective 5: Strategic Sourcing	5.1					Dependant on quality data being available and is being addressed in the information work stream.				
Objective 5: Strategic Sourcing	5.2					As with 5.1 and will be picked up with the Information work stream.				
Objective 5: Strategic Sourcing	5.3					Underway – include in People and Organisational Interface				
Objective 5: Strategic Sourcing	5.4					Not started – will be picked up in the Organisational Interface work stream.				
Objective 5: Strategic Sourcing	5.5					Underway - will be picked up in the Information work stream				

Objective Theme	No	Q4 18	Q1 19	Q2 19	Q3 19	Include in 2019-24 Strategy	Q4 19	Q1 20	Q2 20	Q3 20
Objective 5: Strategic Sourcing	5.6					Progressing – will be picked up under category management			(green)	
Objective 5: Strategic Sourcing	5.7		(green)	(green)		Done – Not included going forward. Implicit in the future design.				
Objective 5: Strategic Sourcing	5.8					Underway; currently dependant on corporate IT. Will continue in the technology workstream. (red)	(red)	(red)	(red)	(red)
Objective 5: Strategic Sourcing	5.9				(green)	Done – will form part of the governance BAU. (green)				
Objective 5: Strategic Sourcing	5.10					Will be for part of the category management role. (orange)		(green)	(green)	
Objective 5: Strategic Sourcing	5.11					Done – not directly carried forward, will assist if required. (green)				
Objective 5: Strategic Sourcing	5.12					Subsumed - Strategic Sourcing and VFM will be picked up in governance and process going forward, then into BAU. (orange)	(orange)	(orange)	(orange)	(orange)
Objective 6: Category Leads	6.1			(orange)	(orange)	Work is ongoing and this will be picked in the Information work stream. This will then form part of the Category management BAU. (orange)	(orange)			(green)
Objective 6: Category Leads	6.2					Progressing and will form part of the Category Manager role going forward. (orange)			(green)	(green)
Objective 6: Category Leads	6.3					Progressing and will form part of the Category Manager role going forward. (orange)			(green)	(green)
Objective 6: Category Leads	6.4					Progressing and will form part of the Category Manager role going forward. (orange)			(green)	(green)
Objective 6: Category Leads	6.5					Progressing and will form part of the Category Manager role going forward. (orange)			(green)	(green)
Objective 7: Supplier Relationship Management (SRM)	7.1					Not started and will be picked up in the external interface workstream in the 2019-24 Procurement Stratetgy. (red)	(orange)	(orange)	(orange)	(green)
Objective 7: Supplier	7.2					Progressing and will form part of the category manager role and will be picked up in the	(orange)	(orange)	(orange)	(green)

Objective Theme	No	Q4 18	Q1 19	Q2 19	Q3 19	Include in 2019-24 Strategy	Q4 19	Q1 20	Q2 20	Q3 20
Relationship Management (SRM)						Process and Interface work streams going forward	🟧	🟧	🟧	🟩
Objective 7: Supplier Relationship Management (SRM)	**7.3**					Will be delivered via the category management role and infrastructure.	🟧	🟧	🟩	
Objective 7: Supplier Relationship Management (SRM)	**7.4**					Will be delivered via the category management role and infrastructure.	🟧	🟧	🟩	
Objective 7: Supplier Relationship Management (SRM)	**7.5**					Progressing – will be delivered in the process and technology strands going forward.	🟧	🟩		
Objective 7: Supplier Relationship Management (SRM)	**7.6**					Delivered via the category management infrastructure.	🟧	🟧	🟩	
Objective 7: Supplier Relationship Management (SRM)	**7.7**					Initial work underway and will form part of the category management approach.	🟧	🟧	🟧	🟩
Objective 7: Supplier Relationship Management (SRM)	**7.8**					Lack of innovation infrastructure at present. Will be picked up in governance, external interface and process.	🟧	🟧	🟧	🟩

Objective Theme	No	Q4 18	Q1 19	Q2 19	Q3 19	Include in 2019-24 Strategy	Q4 19	Q1 20	Q2 20	Q3 20
Objective 7: Supplier Relationship Management (SRM)	**7.9**					Work is underway to transfer all data to ProContract.				
Objective 7: Supplier Relationship Management (SRM)	**7.10**					Done – caveat that the current system did not pick up a failed supplier so will revisit the effectiveness.				
Objective 7: Supplier Relationship Management (SRM)	**7.11**					Work has started with ETE and will continue as BAU and will be rolled out under the category approach.				

Appendix 2, Procurement Reporting Pack

Elements from the County Procurement activity dashboard 2019. More data presentations are available and will be eventually be available on the Procurement Portal.

Total of active procurments by Department	
Row Labels	Count of Business Area / Directorate
Adult Care	7
Adult Care (Public Health)	4
CCP	4
CCP - Community Services	6
CCP - Legal Services	2
CCP - Org. Development & Policy	6
CCP - Property Services	22
CCP Finance & ICT	7
Childrens Services	8
ETE	26
Derbyshire Dales District Council	8
Total Active Procurements	**100**

Count of On forward plan

Total on the forward plan

On forward plan
- Yes
- No
- N/A

Total of procurments on the forward plans	
Row Labels	Count of On forward plan
Yes	59
No	40
N/A	1
Total Active Procurements	**100**

Count of Business Area / Directorate

Business Area / Directorate

Count of On forward plan

Business Area / Directorate
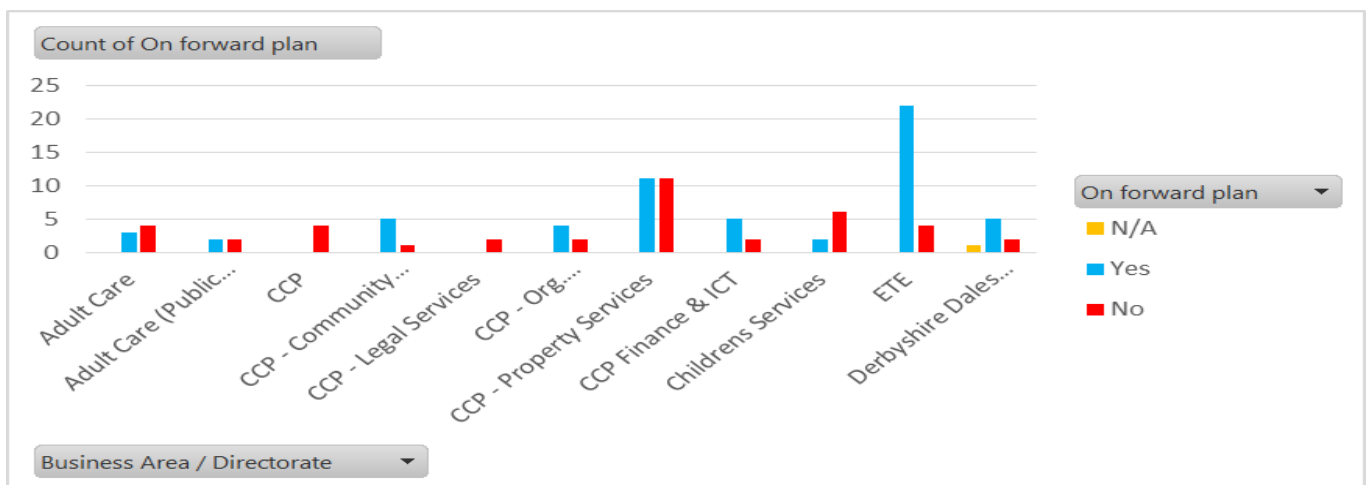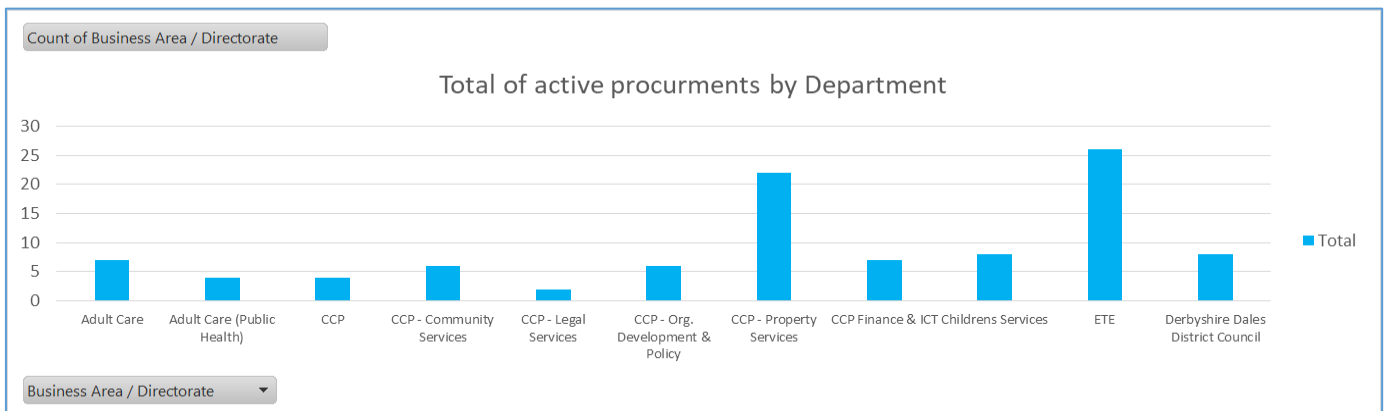
Appendix 3, Data Cleanse Phase 1 Completion Report

Procurement Data Cleanse - **Phase 1 Completion Report**

Introduction

Phase 1 of the data cleanse, which was to cleanse and verify the contract data held both on SQL Database and ProContract, has now been completed.

In completing Phase 1, 898 data records were extracted from the SQL Database and compared to those held in ProContract. Of those 898 records it was found that the data for 355 contracts was held on both the SQL and ProContract databases and of those 355 contracts it was agreed that 135 should not be cleansed or promoted; 69 of them had already expired; and 66 of them were contracts procured on behalf of other organisations or departments (Derbyshire Dales (19), Adult Social Care and Health (18), Childrens Services (9) or Apprenticeships (20)); the work on which is for further discussion or has moved into Phase 2.

Therefore, as at the end of Phase 1, which took approximately 12 weeks, the Procurement Support Team (PST) have cleansed and verified 220 contracts records. These are now ready to hand back to the Contract Managers to promote and publish on ProContract.

This Phase 1 work has included, sourcing and attaching the original documentation to ProContract so that all the data for the contracts is in one place.
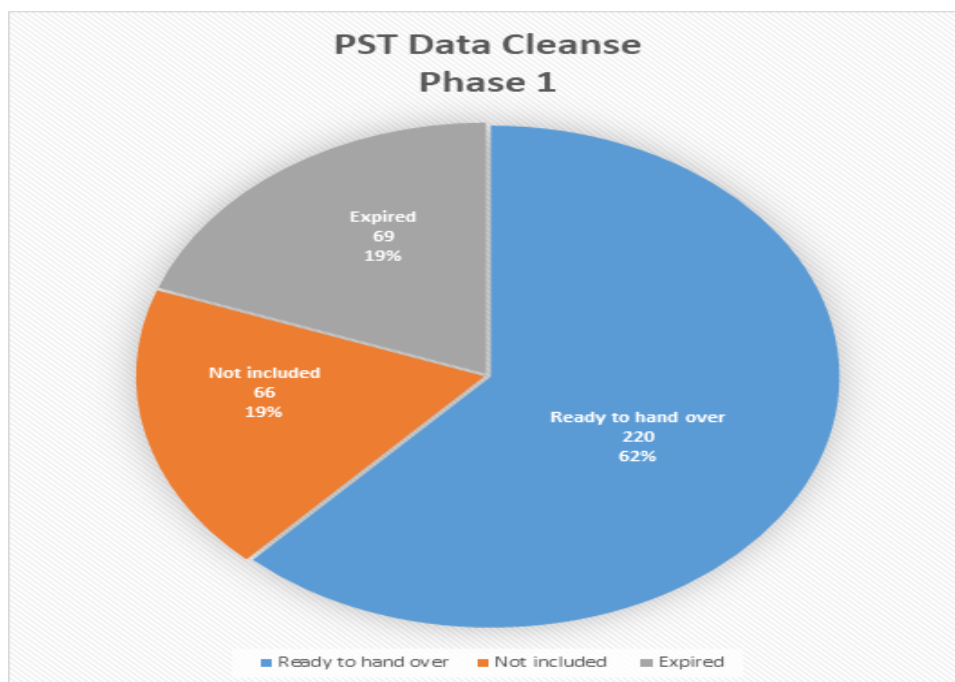
Allocation of Work

The allocation of the work between the PST was done by department and contract manager to work with the strengths of the team members. This, however, proved to be problematic as some departments used ProContract more than others and some Contract Managers were more thorough when entering the data than others; so the amount of work or time taken by department/Contract Manager is difficult to quantify but overall worked out equally amongst the team.

The split of contracts by department was as follows:

Contracts by Department

Department	Value
Adult Care	50
All Depts	27
Childrens Services	34
Commissioning, Communities and Policy	104
Economy, Transport and Environment	140
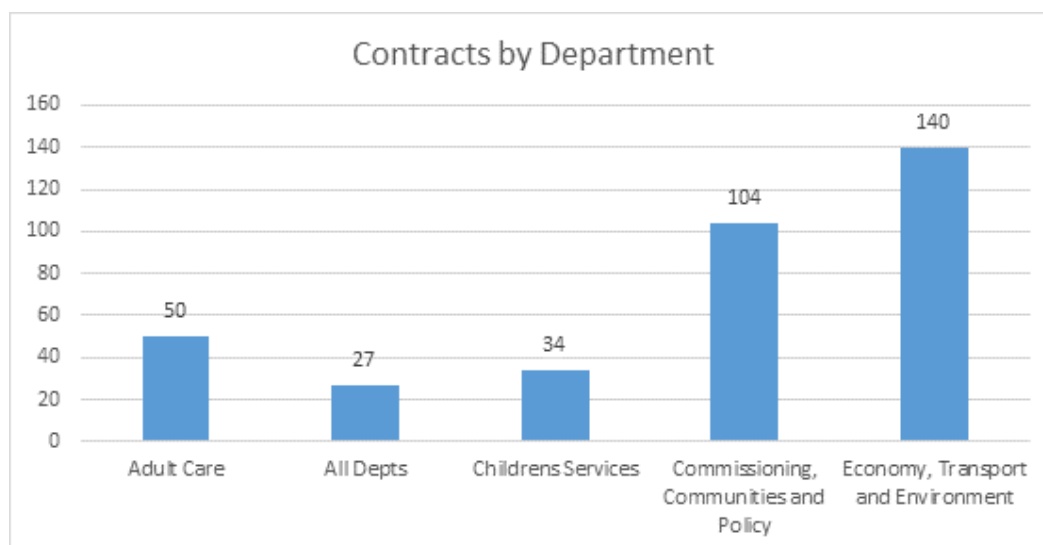
And the split by Contract Manager:

Contracts by Contract Manager			
Adult Care CM	18	Jason Thornhill	5
Alison Walbank	2	Jayne Smith	29
Andrew Hickson	4	Jess Whetton	8
Carolyne Knott	15	Joanne Niven	56
Childrens Services Catering CM	5	Julia Apperley	44
Childrens Services CM	4	Katee Fletcher	4
Chris Rouse	11	Nicola Wood	15
Dave Lander	14	Pernilla Selby-Sly	2
Debbie Wright	12	Peter Towndrow	2
Gemma Walker	7	Sally Beckett	10
George Davies	36	Shane Linthwaite	3
Graeme Unwin	1	Stuart Etchells	20
Graham Bell	17	Tom Greenwood	1
Guy Wilding	10		
Total			**355**

Phase 1- Outcome

The outcome of Phase 1 is that all 220 contracts that have been cleansed have now been promoted to the contract management section of ProContract.

The next step is for the Contract Managers to promote the contracts to the Contracts Register under the status 'Private'. This means that the data can be seen internally but as yet cannot be seen by others outside of the Authority.

As at the time of this report, 198 of the 220 records have been handed back to the Contract Managers, of which 90 (45%) have been completed and promoted to the Contacts Register, leaving 108 (55%) still to do; the remaining 9 will be handed back to the Contract Managers after they have attended the ProContract training workshop.

All County Procurement Contract Managers have been invited to attend workshops in October, which will give them the tools to promote the contracts to the Contracts Register correctly and to enable them to keep their contract data clean and up to date.

Published Contracts - Progress

Contracts published 90 45%

Contracts left to publish 108 55%

■ Contracts published ■ Contracts left to publish
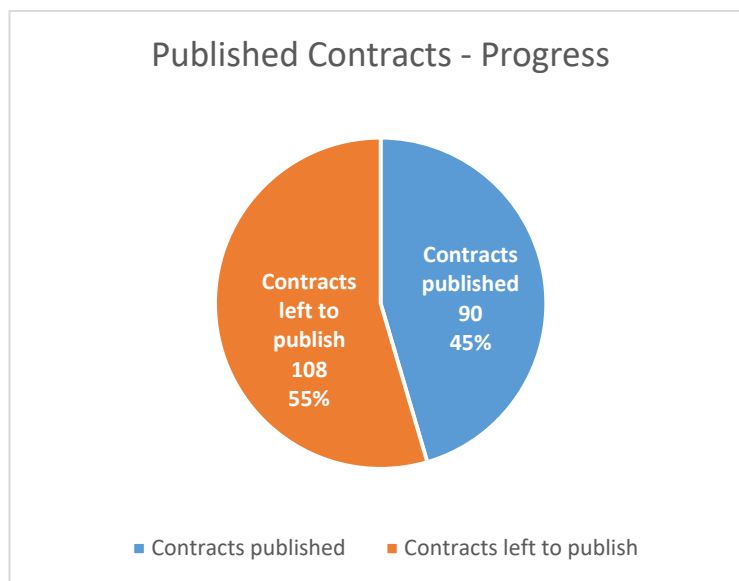
Phase 1- Challenges

The main challenges were:

- Missing and inaccurate information on ProContract, which needed to be sourced and verified.
- Lack of access to departmental folders, for which permission to access was needed from senior departmental managers.
- Delays in responses to questions from some Contract Managers
- Contract Managers not fully understanding the role of the PST.
- Discrepancies in data, which needed to be researched and verified.
- Data entry fields on the database that hadn't been clearly defined.

The solutions to those challenges were to:

- Contact corporate procurement and departmental Contract Managers requesting them to supply the missing documents/data.
- Receive direct access to departmental drives and folders.
- Chase Contract Managers and contacting line managers.
- Hold 1-2-1 meetings with Contract Managers.
- Spend time unravelling discrepancies and talking to Contract Managers
- Define the data entry fields through the development and publication of a Glossary of Terms.
- Develop a Step by Step Guide
- Delivery of knowledge transfer/training workshops by the PST.

Next Steps

Going forward we need to make sure that the data that has been cleansed does not become corrupted and that any new data is entered correctly and kept up to date.

The following actions have been identified as possible ways to prevent the system data being corrupted, some of which have already been put in place:

- Training and instructions on new process.
- Instructions from team managers and section champions on the new process.
- Concise field parameters – ensuring use of the field glossary.
- Elimination of duplicate contract management spreadsheets.
- Use of regular reports to undertake 'sanity' checks on the data.
- Ongoing support from the PST.

Phase 1 has also raised a number of question for further discussion:

- At what point will the SQL database be changed to 'display only' and officers instructed to solely use ProContract for contract management?
- In the meantime, where should officers be putting their data?
- Are we currently storing too much data?

Phases 2 and 3

Phase 2 will see the remaining 543 contracts processed in three stages:

- An initial pilot 'mass' upload of 100 contract details has already been undertaken and the records uploaded onto ProContract by the database provider ProContract.
- The remaining 443 contracts are now undergoing an initial data cleanse, with any non-'true'/sole supplier contract data records being removed, and are being inputted onto a single spreadsheet for a further 'mass' upload, by ProContract in the coming weeks.
- Once all the data has been uploaded to ProContract the data will then be cleansed and verified as it was in Phase 1.

Once this has been completed and the data promoted to the Contracts Register by the Contract Managers, Phase 3 will be a mass conversion of the data from 'Private' to 'Public', at which point the data will become visible outside of the Authority and will automate the transparency report requirement

The target date for completing Phases 2 is the end of January 2020.

Summary

In the first twelve months of implementation and delivery of the Procurement Strategy good progress has been made, however, there is much left to do, which will be delivered in the second year. The revised method for developing and maintaining the Procurement Strategy will ensure that it remains current and relevant and require a relatively small amount of effort annually.

Together with the Enterprising Procurement Vision and Mission paper and Business Case and the revised 2019-2024 Procurement 5 year Strategy and Plan, these documents will establish and maintain a high performing procurement function, which is able to support the Council in delivering the Councils objectives as described in the Council Plan.

Derbyshire County Council

Enterprising Procurement

Vision & Mission

To

Transform Procurement and Create a Commercial Capability

Contents

Introduction

Background and Aspiration

The current Derbyshire County Council (the 'Council') procurement function has suffered from a number of deleterious factors over several years, this coupled with the Council's aspirations as described in the Council Plan and the Enterprising Council Strategy have resulted in a procurement function that requires change and improvement to assist the organisation to meet its objectives. The existing Procurement Strategy is insufficiently competent to implement the Council Plan objective which states 'At the heart of our plan is a desire to provide you with maximum value for money on your council tax by delivering the most efficient and effective public services possible'.

This document will describe the vision for 'County Procurement', the new procurement function and the mission objectives broken down into steps that will be taken to transform the procurement capability from its current state to one that is aligned to, and meets the aspirations of, the Council and community that it serves.

The wider procurement profession is facing real challenges in managing more and more complex supply solutions and technologies to bring benefits to stakeholders. In its current configuration the Council's County Procurement is unable to adequately deal with or beneficially exploit these supply solutions and technologies.

To enhance capability and increase performance of County Procurement the transformation of procurement will utilise the six Chartered Institute of Purchasing and Supply (CIPS) recognised industry standard best practice building blocks of: STRATEGY, GOVERNANCE, ORGANISATIONAL INTERFACE, PEOPLE, PROCESS and INFORMATION & TECHNOLOGY (I&T).

This document sets out what these building blocks are and how they will be utilised to maximise the Council's return on investment in its procurement function.

Defining Procurement Value

At the macro level, there are three procurement value propositions or drivers. Other procurement value drivers may be defined, however, they will likely fall within the following three procurement value propositions.

1. **Effectiveness -** reducing the total cost of ownership of external spend using procurement techniques (such as category management, strategic sourcing and supplier relationship management).

2. **Efficiency -** reducing costs from within the procurement function and procurement processes (for example, through process reengineering, deploying technology and automation).

3. **Customer Service -** providing best value materials and services to internal customers on time, to specification, above expectation and with maximum VfM and social responsibility.

These procurement value propositions often compete with each other and, in some cases, are directly opposed. As a result, they need to be carefully managed and balanced to optimise value for the organisation. The six procurement building blocks focus on balancing effectiveness, efficiency and customer service to maximise procurement value for an organisation.

The 2019-24 Procurement Strategy and Annual Strategy Delivery Plan will address how County Procurement will be implemented utilising the best practice model and associated six building blocks.

Procurement Maturity at Derbyshire County Council

Effectiveness

Over a number of years there has been confused leadership and a lack of clear vision in the procurement domain. As a result the Procurement Service has fallen behind its peers. Basic systems and processes have either not been established, applied or standardised and data on the overall performance is non-existent other than by labour intensive manual extraction in excel. Through the first year of the procurement transformation a number of major steps have been taken to improve Process, Systems and I&T, however, there is much more to do.

The complex and disjointed procurement process and variable application of procurement regulations across the wider Council along with weak overall control in the business case system through to contract management, means there is a lack of consistency and an inability to report performance and to know how effective procurement is at driving Value for Money. A lack of central control and standardised processes and procedures allows poor practice to occur outside the control of the County Procurement function.

The amount of spend under management and influenced spend is not accurately known or reportable, which in and of itself, demonstrates an exceptionally low level of organisational maturity. The first year of the procurement transformation has delivered progress towards being able to report these basic procurement KPIs, though more work is required before there is an automated regular report which contains figures with high confidence.

ROI/ Cost benefit

The return on investment (ROI) taken as procurement 'savings made', which is self-reported as £2,728,408 divided by the total cost of procurement, which is £1,064,828, creates a ROI of 2.56. The average peer group as per the Hackett World Class Procurement Paper (the 'Hackett Paper') is returning 4.83 and world class organisations are returning 10.45. The Hackett Paper shows that the average peer group had an ROI of 2.5 in 2009, putting the procurement function 10 years behind its peers in relation to ROI performance.

It should also be noted that the procurement 'savings made' is a self-reported and self-validated number, which is likely to be lower if rigorously interrogated for actual cashable savings. It is proposed that a different mechanism for establishing savings is developed with external validation via finance to ensure authenticity.

It is clear that procurement as it stands on its self-reported estimate, is ten years behind its peer group. The financial consequence of this low ROI is that the Council is forgoing between £2,414,711.24 and £8,399,044.60 of savings per year against its peers based on current ROI performance.

Overview of the Six Building Blocks to Enhance Procurement Capability

As noted above, there are six key building blocks that will be used to transform procurement capability and to increase procurement value within the organisation. These are Strategy, Governance, Organisational Interface, People, Processes and Information & Technology, which are organised into three distinct tiers.

1. **Strategy**, including associated plans and performance measurement methods that need to be built to drive the procurement function.
2. **Governance and Organisational Interface,** the second row enables a direct link to the wider organisation through a procurement governance framework and the management of the organisational interface**,** particularly with internal customers, executives and suppliers. All upon a foundational layer of people, process and technology.
3. **People, Processes, and Technology,** this is the foundation level and is built upon the organisation's core values and guiding principles such as the Council Plan.
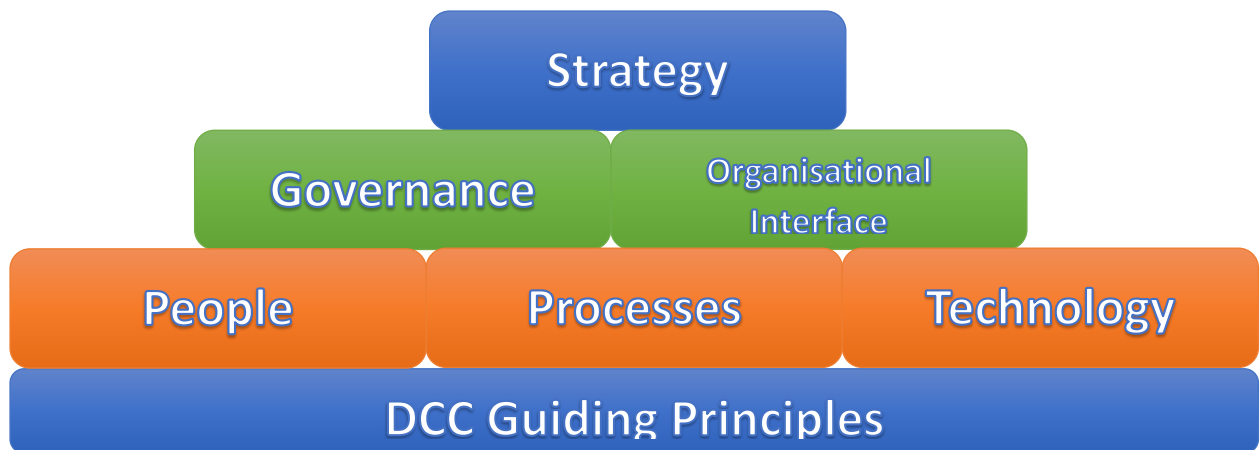
The remainder of the document describes each of the building blocks and what elements are required to transform procurement and create a commercial capability.

Strategy

Procurement 'strategy' is concerned with identifying, selecting and implementing the procurement structures, systems, skills, processes, programmes, shared values, initiatives and objectives for an organisation that add significantly to its goals and financial sustainability. The procurement strategy drives the other five building blocks for procurement capability: governance, the organisational interface, people, processes and information & technology.

Once the procurement strategy has been developed, it must be translated into organisational action. To ensure delivery, a linked business planning and performance measurement process will be assembled as part of the 'strategy' building block. The following characteristics will be addressed in developing the strategy and its delivery.

Strategy setting:

- A comprehensive long term (five year) strategy setting process is operative for developing procurement strategies.
- A clear vision and mission for the procurement function are defined and marketed throughout the organisation.
- The values and guiding principles by which procurement will operate are also defined and marketed.
- The vision, mission, values and guiding principles are aligned with the organisation's strategic objectives, goals and values, with the link actively marketed.
- Procurement strategies and measurable goals to accomplish the vision and mission are defined and applied.
- Risk and total cost are balanced in strategy setting.

Business planning:

- A comprehensive business planning (annual) process is operative for the translation of procurement strategies into organisational action.
- The business plan details and communicates the procurement strategies, activities, actions, and goals.
- The business plan is the focus of all procurement activity.

Performance measurement:

- Procurement performance is managed via a balanced scorecard, which details the performance measures and goals and is linked to the procurement strategies and business plans.
- Performance measures and goals are aligned with the organisation's strategic objectives, goals and values, with the link actively marketed.
- Internal customer satisfaction and supplier feedback mechanisms are incorporated into the performance measures.
- Procurement work group and individual job goals are directly linked to the business plan and balanced scorecard outcomes.
- Performance results are used to review, change and develop new strategies and goals, and continuously improve the procurement function.

Essential Principles of the New Procurement Strategy?

A procurement strategy is dependent on that organisation's strategic objectives, goals and values, coupled with the maturity level of its procurement function. The following essential principles for any organisation's procurement strategy will be addressed:

- Risk and total cost are balanced.
- Individual end user customer and overall company needs are balanced.
- The strategies directly enable the three procurement value propositions of effectiveness, efficiency and customer service.
- Effectiveness, efficiency and customer service value are balanced.
- External influences, such as market and economic conditions, legislation changes and moral obligations are dealt with (e.g. security of supply, talent scarcity, carbon tax, social responsibility and sustainability, etc.).
- Procurement personnel are allocated to strategic and tactical roles, with technology and automation utilised to eliminate transactional procurement activities.
- The other five building blocks for procurement capability (governance, the organisational interface, people, processes and technology) are built and continuously improved.
- Simplicity.

Governance

Procurement governance encompasses control and direction for the organisation's procurement function via a framework of formal structures, mandates, policies, operating procedures, delegations and other decision rights. Procurement governance is essential in building procurement capability and ensuring the benefits from strategic procurement activities are maximised corporately, as well as meeting corporate audit and other requirements.

The following characteristics are commonly associated with successfully laying the "governance" building block in order to transform procurement capability.

The governance framework components:
- Procurement is responsible for all addressable external spend.
- Procurement policies that are simple, consistent with the corporate culture and are embedded.
- A clear, Council wide mandate to comply with procurement policies and business plan activities is operative.
- Effective change management has resulted in the corporate culture supporting the procurement governance framework.
- Corporate systems have appropriate controls embedded, which support the procurement governance model throughout the organisation.

- Procurement personnel are empowered to make decisions on behalf of the Council in accordance with the policies.
- A formal approval framework specifies the authorisation process for procurement spend.
- Procurement actions are based on ethical principles, including probity, fairness, impartiality, accountability and transparency.
- Procurement processes, systems, tools and techniques are documented, referenced and maintained as operating procedures, consistent with the corporate standards.

Some Detail Procurement Governance Essentials:

- Procurement dealings are only conducted with approved suppliers.
- No goods or services are obtained without a valid purchase order.
- Market engagement processes promote effective competition between potential suppliers.
- Formal contracts are operative for high spend or high risk categories.
- Formal authority levels are in place for procurement spend and system generated to optimise processing.
- Confidential procurement information and/or intellectual property are safeguarded.
- Conflicts of interest are minimised and effectively managed.
- Liabilities are provided for and procurement commitments reported.
- Ethical standards are promoted.

Centralised or Decentralised – Point of Debate?

A procurement governance discussion should debate the centralisation versus decentralisation question. Is a centralised procurement organisational structure more advantageous than a decentralised structure?

Some organisations deploy centralised procurement structures and others favour decentralisation, and the fact that numerous organisations cycle between the two structures is a testament to the difficulty of balancing the three procurement value propositions of effectiveness, efficiency and customer service.

Centralised structures naturally (and often unconsciously) tend towards achieving (and prioritising) efficiency and effectiveness value, whilst decentralised structures have a tendency to favour customer service and effectiveness value.

So, where organisations believe they are losing efficiency gains, or the corporate culture is not supporting or complying with procurement policies and initiatives (and hence effectiveness value), they may opt for a centralised structure. On the flipside, organisations may feel that customer service (and in turn effectiveness) needs improving, as a result, for example, of a procurement department not accurately understanding and supporting customer challenges and priorities, so a decentralised structure may be favoured.

The right procurement organisational structure for a company (similar to the right procurement strategy) is dependent on that organisation's strategic objectives, goals, governance models and values, coupled with the maturity level of its procurement function.

A centralised structure is more favourable for a young, Greenfield or immature procurement function, or where a rapid procurement transformation is required. Where the procurement function is of greater maturity and a robust governance model has been institutionalised to the degree that the corporate culture supports the model, then decentralisation is probably the way to go. The other variable to explore is geographic location. One might have a centralised procurement structure for reporting line purposes, however, actually collocating the procurement personnel within their end user customer areas will assist in providing balance to the three procurement value propositions, particularly around the customer service versus efficiency payoff.
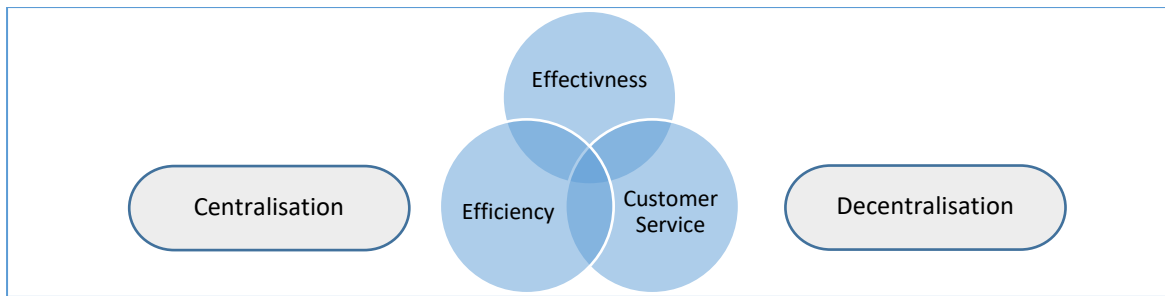
Organisational Interface

To optimise value, procurement professionals need to augment procurement governance with managing the organisational interface. Although governance provides procurement legitimate authority and decision rights around some organisational elements, a lot of what procurement needs to do to be successful can only be delivered through managing the organisational interface.

Managing the organisational interface is about getting buy-in from key stakeholders regarding procurement strategies, activities and goals. It encompasses leadership, communication, the ability to form relationships, build credibility and influence internal customers and senior executives, as well as get the best out of suppliers. Simply, a procurement professional needs to make or at least influence internal decisions where it has no decision rights (i.e. governance) to do so.

A procurement contract with a supplier may be managed via structured contract performance management activities, but to maximise the value from the engagement, procurement professionals also need to manage the supplier relationship as a component of managing the organisational interface. The following characteristics are required when managing the 'organisational interface' in order to transform procurement capability.

Internal stakeholders:
- A procurement communication plan is operative and communicates procurement strategies, plans, activities, measures and results.
- Service Level Agreements (SLAs) are in place with customers. The SLAs contain joint strategies, activities, actions and goals that measure the performance of the collaborative relationship.
- A procurement intranet site, consistent with the corporate standards, is in place to actively communicate and report procurement information.
- An appropriate review is undertaken after every 'project' a procurement department performs with/for a customer.
- A customer satisfaction survey is issued to customer groups annually.
- Results from reviews and surveys are analysed, actioned, marketed to stakeholder groups and used as a driver for the evaluation of procurement strategies and activities.
- Procurement integrates and develops key relationships with internal customers.
- Procurement accurately understands and supports customer challenges and priorities.
- Procurement proactively identifies improvement opportunities in customer areas.

Third Party Suppliers:
- Procurement owns and facilitates relationship development programs with key suppliers.
- Techniques are operative to integrate suppliers into the improvement process.
- Suppliers are included in the organisations cross functional teams.
- Joint business plans and projects are in place with suppliers focused on extracting additional value from the collaborative relationship.
- Opportunities and risks are shared with suppliers to optimise procurement results.
- Supplier initiated savings are operative, recognised and rewarded.
- Two way business information updates are regularly held with suppliers (e.g. quarterly briefings, monthly meetings, supplier workshop newsletters, etc.).

- A supplier recognition and awards program is in place that formally recognises and rewards supplier contributions.
- Procurement's values, particularly around ethics, safety, environment, community and sustainability are promoted with suppliers.

What does success look like?

Managing the organisational interface to build procurement capability is arguably the toughest of the six building blocks to accomplish due to its reliance on 'softer' skills such as developing relationships, leadership and influence. Components for the organisational interface are as follows:

- Procurement has a seat at the table at the highest levels in the organisation.
- Procurement is responsible for all addressable external spend.
- Procurement is an attractive career within the organisation and there is a clear career path within, and beyond, the function.
- Procurement provides a clearly defined professional track for resources striving for executive level positions.
- Procurement has a strategic influence on the conduct of the overall business.
- Procurement strategy is an integral component of the overall corporate strategy.
- The corporate culture complies with procurement policies and initiatives.
- Procurement articulates a credible business case for increased involvement and collaboration in customer areas.
- Procurement is a driver in integrating and developing key relationships between internal customers and suppliers.
- Suppliers are integrated into the improvement process.
- Supplier initiated savings are plentiful.
- Suppliers share procurement's values, particularly around ethics, safety, environment, community and sustainability.

People

The degree to which procurement is able to achieve its mission, strategies and objectives in a corporation is very dependent on the mix and calibre of its personnel and the environment in which it operates. The ability to attract and retain the right mix of people with regard to education, experience, expertise and skills is vital. Consequently, establishing the right environment in terms of roles, tasks performed, motivation, training, career development and reward and recognition becomes critical to the provision of an effective, efficient and customer focused procurement function. The following characteristics are commonly associated with successfully laying the 'people' building block in order to transform procurement capability.
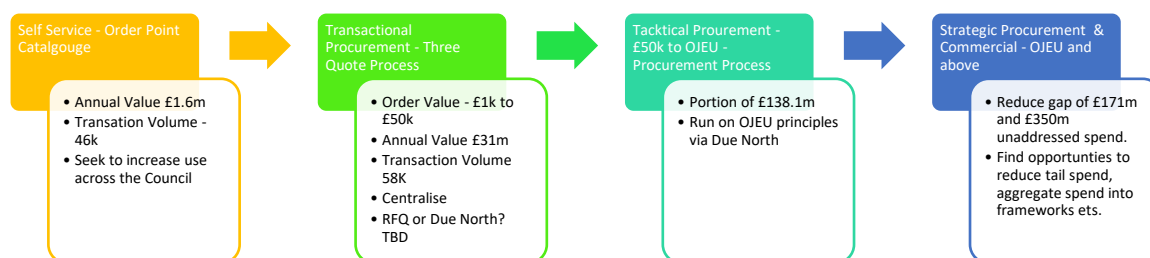
People and performance:
- The best people are recruited, high performers are rewarded and retained aggressively, and underperformers are developed before being managed out.
- Business plan and balanced scorecard outcomes are directly linked to work group and individual job goals.
- The achievement of job goals is in turn linked to performance review systems, incentive systems and remuneration.
- 360 degree feedback systems are in place.
- The work environment reflects the shared values espoused in the procurement business plan.
- Personnel demonstrate an overriding commitment to ethics, health, safety, environmental and community responsibility.
- Success is celebrated.
- Wellbeing and morale are tracked (e.g. employee satisfaction, safety, turnover, absenteeism) and actions are operative to increase morale and motivation.

Training and development:

- Roles have defined technical and personal competency requirements.
- Procurement personnel are assessed against the role competencies and individual training plans are developed and managed to close the gaps.
- People development strategies are regularly reviewed in light of current progress, participant feedback, changes in strategic direction, market conditions and technology.
- Succession planning is operative and linked to training and competency requirements of individuals.
- Training towards MCIPS is actively promoted and facilitated.
- Programmes are in place for procurement trainees and graduates.
- Procurement is an attractive career within the organisation and there is a clear career path within, and beyond, the function.

Proposed Operating Model - Structure

Self Service - Order Point Catalgouge	Transactional Procurement - Three Quote Process	Tacktical Prourement - £50k to OJEU - Procurement Process	Strategic Procurement & Commercial - OJEU and above
• Annual Value £1.6m • Transation Volume - 46k • Seek to increase use across the Council	• Order Value - £1k to £50k • Annual Value £31m • Transaction Volume 58K • Centralise • RFQ or Due North? TBD	• Portion of £138.1m • Run on OJEU principles via Due North	• Reduce gap of £171m and £350m unaddressed spend. • Find opportunties to reduce tail spend, aggregate spend into frameworks ets.

Processes

Similar to any other corporate function or business activity, processes are a foundational building block for procurement. There is a wide range of procurement processes in the corporate world, however, in keeping things simple (particularly with internal stakeholders), discussions on procurement processes almost always reference back to the two macro, end to end processes: Source to Contract & Procure to Pay.

At a strategic level, the Source to Contract process includes planning for the category procurement exercise, developing the appropriate sourcing strategy, going to market, establishing and managing the contract and supplier relationship; all with organisational engagement and participation.

The Procure to Pay process is a transactional process, which typically commences with a requisition for the creation of a purchase order and ends with the fulfilment of the goods or services and payment to the supplier. The Procure to Pay process often facilitates purchases from contracts established via the Source to Contract process. These two processes may be called by different names, or by the numerous sub process within them.

The role of 'Category Management' which is defined as, 'the entire art and science of the procurement subject applied to a single genre of expenditure (i.e. category)'. In terminology referenced in this document, 'the entire art and science of the procurement subject' comprises the Source to Contract and Procure to Pay processes. Or in other words, category management is the Source to Contract and Procure to Pay processes applied to a category.

Briefly, the following are the essential sub blocks in transforming procurement capability through 'processes'.

Source to Contract Process:

Plan
- 1, Needs Analysys & Start Up
- 2, Catagory & Market Analsys
- 3, Sourcing Strategy

Engage
- 1, Go to Market
- 2, Transistion

Manage
- 1, Contract Start-Up
- 2, Supplier Relationship Managment
- 3, Contract & Performance Management
- 4, Value Discovery

Plan: This sub-block plans the entire sourcing initiative and focuses on designing the sourcing strategy for the category.

- Needs analysis and start-up identifying the need, gathering the baseline data, quantifying the opportunity, identifying stakeholders and initiating the cross functional team.
- Category and market analysis analysing category spend patterns, supplier and market conditions, and developing specifications and cost drivers.
- Sourcing strategy testing and refining sourcing options to create a sourcing strategy.

Engage: This sub-block selects the supplier(s) best able to meet the category objectives, reflects the outcome in a contract, and transitions the arrangement to contract management.
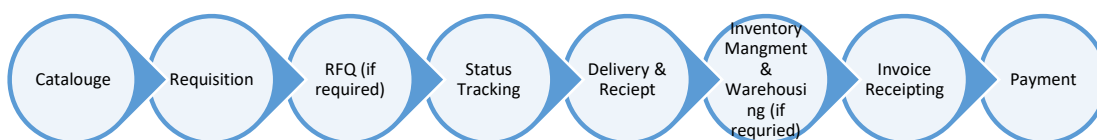
- Go to market creating the RFx, evaluating proposals and risks, conducting negotiations and selecting the optimal supplier(s).
- Transition executing the contract, communicating the outcome, developing the operational plan, transitioning to contract management, and conducting a project review.

Manage: This sub-block implements the contract and proactively manages the supplier relationship and contract and category performance.

- Contract start-up implementing the contract.
- Supplier relationship management sharing opportunities and risks with suppliers to maximise results.
- Contract and performance management managing supplier and contract performance against category objectives.
- Value discovery rigorous assessment of category performance and situation as input into the appropriate future category strategy.

The Procure to Pay Process:
FIGURE 2, PROCURE-TO-PAY

Catalouge → Requisition → RFQ (if required) → Status Tracking → Delivery & Reciept → Inventory Mangment & Warehousing (if requried) → Invoice Receipting → Payment

- Catalogue is searched and drawn upon for the creation of requisitions.
- Requisition is approved.
- RFQ (request for quote) is issued to suppliers and responses are evaluated.
- Purchase order is created and issued to the supplier.
- Purchase order status is updated through expediting sub-processes.
- Physical receipt of the material, validation of hours worked or completion of a service scope or specification is acknowledged.

- Inventory management and warehousing sub-processes for inventory are operative.
- Invoice is matched with the purchase order and receipt.
- Payment is made including the generation of the remittance advice.

Technology

Technology is a great enabler for procurement capability and value. Technology can speed up and simplify routine procurement transactions and lower the cost of information acquisition, analysis and dissemination. Procurement technology ranges from market intelligence tools and e-auctions for strategic sourcing through to an electronic transactional platform for the creation and transmission of Procure to Pay documents. Integrating an organisation's Source to Contract process through an end to end system and utilising an Enterprise Resource Planning (ERP) system to integrate and automate the Procure to Pay process should be high priority for any Central Procurement Organisation (CPO). The following characteristics are required to effectively deliver the 'technology' building block in order to transform procurement capability.

- All procurement activity is managed electrically and linked to the finance system where possible.
- Manual intervention and rekeying in minimised.
- Contract management activities are automated where possible.
- Inventory is optimised by the system and automatically replenished.
- Invoices received from suppliers are electronic (i.e. E-invoices).
- Invoices are electronically matched with the purchase order and receipt.
- ETF (Electronic Funds Transfer) is used for payment and remittance advices are electronically transmitted to the supplier.
- Suppliers view the status of their invoices via the internet or a self-service portal.
- Purchasing cards and travel cards (e.g. Visa, American Express) are used and reconciled electronically.
- System reporting on Procure to Pay activities is operative.

A note on Agile

The transformation change work being undertaken by the procurement department has been undertaken using an agile project management methodology called Scrum and tracked using the Kanban system, which has allowed the transformation programme to move from initiation to delivery in seventeen working days. It is planned that this methodology be continued to be used during the remainder of the transformation owing to its light weight and high effectiveness.

Conclusion

The new County Procurement and Commercial Function will deliver a fit for purpose capability to maximise value for money and enable and facilitate the Enterprising Council to deliver the Council Plan.

Regardless of the organisation's procurement function's current level of maturity, achieving the best practice as described in the six key building blocks will be essential for building procurement capability and maximising procurement value within the Council.

If the Council structures its procurement improvement efforts around these six blocks, it can develop a simple and practical design to improve procurement capability, enable effectiveness and efficiency whilst improving customer service and increasing procurement derived value within the organisation.

Derbyshire County Council

PROCUREMENT STRATEGY 2019-2024

And

ANNUAL STRATEGY DELIVERY PLAN

2019–2020

Contents

Introduction

This 2019-25 five year rolling Procurement Strategy marks a change in the way in which the DCC Procurement Strategy will be created and maintained going forward. Rather than the strategy being fixed for a four year period and then redrafted every fourth year, the Procurement Strategy will now be produced with a five year horizon with an annual update each year to ensure the relevance of the key objectives for the coming year. This change in the production process also ensures alignment with paragraph 2.6.3 of 'Appendix 8(b) – Standing Orders Relating to Contracts' of the Council's Constitution. This state 'The Chief Financial Officer is responsible for annually producing and updating the Procurement Strategy for approval by Cabinet'.

This iteration of the Procurement Strategy is written 12 months into a 24 month Procurement Change Programme created to transform the Council's County Procurement function to ensure that it is best able to support the 'Council Plan 2019-21'; the Enterprising Council Programme and all applicable legislative requirements such as the Public Services (Social Value) Act 2012.

The Procurement Change Programme has already delivered a number of objectives from the 2018-21 Procurement Strategy and many more have begun. There has also been a significant amount of underpinning work undertaken, which was not captured as part of the 2018-21 Procurement Strategy. Also, a number of objectives have now been deemed to be no longer relevant and have been removed. A full report of progress to date has been captured in the 'Mid-Programme Update of the 2018 – 2021 Procurement Strategy Implementation Programme'.

Procurement Value Drivers

Below are the three value drivers which underpin the transformation and ongoing operational activities of County Procurement. These value drivers shape the direction of the Procurement Strategy and associated delivery plans

1. **Effectiveness** - reducing the total cost of ownership of external spend using procurement techniques (such as category management, strategic sourcing and supplier relationship management).

2. **Efficiency** - reducing costs from within the procurement function and procurement processes (for example, through process reengineering, deploying technology and automation).

3. **Customer service** - providing best value materials and services to internal customers on time, to specification, above expectation and with maximum monitory and social value.

This 2019-25 Procurement Strategy has been structured around the Chartered Institute of Purchasing Supply (CIPS) best practice procurement model, with the 2019 Annual Strategy Delivery Plan also being structured to support the new model. Previous objectives and work started under the 2018-21 Procurement Strategy have been mapped to the 2019 Annual Strategy Delivery Plan and can be tracked through to completion where applicable.

Strategic Aims - 2019-20

1. Ensure the completion of any outstanding items from the 2018-21 Procurement Strategy.
2. Consolidate any outstanding items from the 2018-21 Procurement Strategy into new projects aligned to the CIPS best practice building blocks.
3. Configure County Procurement, based on the Enterprising Procurement Vision and Mission, to effectively meet the Council's strategic and operational objectives as directed by the Constitution and other applicable strategies.
4. Align the development of the County Procurement function to industry best practice as defined by CIPS and other relevant bodies to transform County Procurement and create a commercial capability.
5. Prioritise and deliver new and emerging requirements as identified through day-to-day experience.

6. Deliver change using the low-overhead Agile/Scrum approach to reduce administrative burden and bureaucracy associated with delivering change.

Building Block Overview

The procurement value drivers identified above can often compete with each other and, therefore, need to be carefully managed and balanced to optimise procurement value. The CIPS best practice model identifies six key building blocks, which focus on extracting and balancing effectiveness, efficiency and customer service for an organisation. This methodology has been adopted to transform the DCC procurement capability and to increase procurement value within the organisation.

These six key building blocks are Strategy, Governance, Organisational Interface, People, Processes and IT, which are organised into three distinct tiers.

1. **Strategy**: including associated plans and performance measurement methods that need to be built to drive the procurement function.
2. **Governance and Organisational Interface**: the second row enables a direct link to the wider organisation through a procurement governance framework and the management of the organisational interface, particularly with internal customers, executives and suppliers.
3. **People, Processes, and IT**: this is the foundation level and is built upon the organisation's core values and guiding principles such as the Council Plan.

Figure 1, the Six Building Blocks of 'Enterprising Procurement'
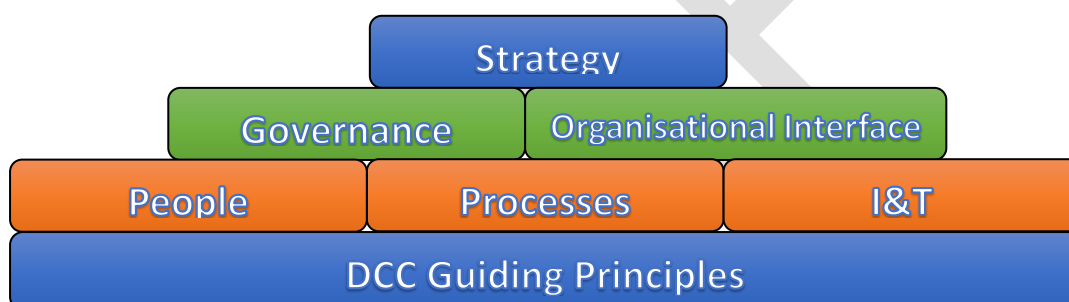
The following section gives a brief description of what is expected within each 'building block'; and the 2019-20 Annual Strategy Delivery Plan then details specific activities identified from either existing work underway or new work that will deliver the 2019-20 strategic aims and the Council's 'Enterprising Procurement' function.

Strategy

The Procurement Strategy is concerned with identifying, selecting and implementing the procurement structures, systems, skills, processes, programmes, shared values, initiatives and objectives for DCC that add significantly to its goals and financial sustainability. The Procurement Strategy drives and gives form to the other five building blocks for procurement capability.

Once the Procurement Strategy has been developed, it is translated into an Annual Strategy Delivery Plan. To ensure delivery, a linked business planning and performance measurement process will be assembled as part of the 'Strategy' building block.

Governance

Procurement governance encompasses control and direction for the organisation's procurement function via a framework of formal structures, mandates, policies, operating procedures, delegations and other decision rights. Procurement governance is essential in building procurement capability and ensuring the benefits from strategic procurement activities are maximised corporately, as well as meeting corporate audit and other requirements.

Organisational Interface

To optimise value, procurement professionals need to augment procurement governance with managing the organisational interface. Whilst governance provides procurement with legitimate authority and decision rights around some organisational elements, procurement delivery is delivered through managing the organisational interface both through internal (customers) and external (suppliers) stakeholders.

Managing the organisation's 'internal' interface is about getting buy-in from key stakeholders regarding procurement strategies, activities and goals. It encompasses leadership, communication, the ability to form relationships, build credibility and influence internal customers and senior executives, to assist in getting the best out of suppliers. It is the interface where procurement professional's exercise influence to gain and maintain maximum value for internal customers.

In the 'external' organisational interface, contracts with suppliers should be managed via structured contract performance management activities, but to maximise the value from the market as a whole, procurement professionals also need to manage the supplier relationship as a component of managing the external organisational interface.

People

The degree to which County Procurement is able to achieve its mission, strategy and objectives in the Council is dependent on the mix and calibre of its personnel and the environment in which it operates. The ability to attract and retain the right mix of people with regard to education, experience, expertise and skills is vital. Consequently, establishing the right environment in terms of roles, tasks performed, motivation, training, career development and reward and recognition is critical to the provision of an effective, efficient and customer focused County Procurement function.

Processes

Similar to any other corporate function or business activity, processes are a foundation building block for procurement. There is a wide range of procurement processes available, however the objective is to keep things simple particularly with internal stakeholders who are supported by County Procurement. At a strategic level, the source to contract lifecycle includes an annual category planning exercise, developing the appropriate sourcing strategies, going to market, establishing and managing the contract and supplier relationship; all with organisational engagement and participation.

The 'procure to pay' process is a transactional process which typically commences with a requisition for the creation of a purchase order and ends with the fulfilment of the goods or services and payment to the supplier. The 'procure to pay' process often facilitates purchases from Council wide contracts established via the source to contract process. This is not directly the responsibility of County Procurement, however, 'category management' should identify areas of spend which can be consolidated into frameworks, DPS and other procurement methods so that they can be implemented as catalogues within the SAP Order Point System, which can be self-served by the relevant organisational roles.

Work will be undertaken to review, standardise and simplify all procurement processes and to automate these where possible. The objective will be to create a clear and easy to use set of processes which enable the user to navigate the process unassisted, unless a particular process warrants assistance or when assistance is requested.

I&T

I&T is a critical enabler for procurement capability to derive value. I&T can speed up and simplify routine procurement transactions and lower the cost of information acquisition, analysis and dissemination of information. Procurement I&T ranges from market intelligence tools and e-auctions for strategic sourcing through to an electronic transactional platform for the creation and transmission of 'procure to pay' documents, integrations with SAP, Procurement Portal and ProContract. The future Procurement Strategy will be to integrate where possible the organisation's source to contract process through an

end-to-end system and utilising the SAP ERP system to integrate and automate the 'procure to pay' process via Order Point.

Procurement Strategy Implementation Plan – 2019/20

The 2019/20 strategy implementation is structured around the CIPS six building blocks model detailed above, which has been written into the Enterprising Procurement Vision and Mission document.

Each of the building blocks contain 'best practice characteristics', which are required to be present and effective for an organisation to deliver an excellent and high performing procurement function.

A large proportion of the strategic aims for 2019-20 and those brought forward from 2018/19 can be achieved by the adoption of 'Best Practice Characteristic' detailed within the CIPS model. The tables below detail the Best Practice Characteristics; the methods/actions identified to achieve them; and a RAG status to indicate current status.

It is expected that over time there will be less work to do on achieving best practice, with each successive year moving towards a steady state with activities undertaken to implement improvement or to deal with fundamental changes arising.

Specific planned strategic projects are detailed separately within each 'building block'.

Objectives carried forward from the previous Procurement Strategy are also captured in a separate table in appendix 1, to aid tracking through this changed approach to strategy creation and delivery.

Best Practice Characteristics, Attributes and Planned Strategic Projects by Building Block

Strategy

There will an annual refresh of the Procurement Strategy, which will be produced in July 2020. This will contain a retrospective on delivery of the 2019-20 plan, the revised Procurement Strategy and the Annual Strategy Delivery Plan for 2020-21.

The 'Strategy' building block consists of three sub-sets of characteristics covering 'Strategy Setting', 'Departmental Service Planning' and 'Performance Measurement'. The following best practice characteristics will be addressed in developing the Procurement Strategy and its delivery:

Strategy Setting:

No	Best Practice Characteristic	Method to achieve and RAG
S1	A comprehensive long term (five year) strategy setting process is operative for developing procurement strategies.	This document.
S2	A clear vision and mission for the procurement function are defined and marketed throughout the organisation.	Completed as the Enterprising Procurement Vison and Mission.
S3	The values and guiding principles by which procurement will operate are also defined and marketed.	To be completed 2019-20.
S4	The vision, mission, values and guiding principles are aligned with the organisation's strategic objectives, goals and values, with the link actively marketed.	To be completed 2019-20 – Baseline document is Enterprising Procurement Vision and Mission.
S5	Procurement strategies and measurable goals to accomplish the vision and mission are defined and applied.	This document.

No	Best Practice Characteristic	Method to achieve and RAG
S6	Risk and total cost are balanced in strategy setting.	Implementation of the Council's Risk Management Process.

Departmental Service Planning:

No	Best Practice Characteristic	Method to achieve and RAG
S7	A comprehensive service planning (annual) process is operative for the translation of departmental procurement plans into actions for the County Procurement team.	This document and the process to create it.
S8	The service plan details and communicates the procurement strategies, activities, actions, and goals.	This document, the communication plan, implementation of the category plan.
S9	The departmental plan is the focus of all procurement activity.	The category management approach will develop service plans with each department, this will include the forward plan of procurements from which annual activity is planned.

Performance Measurement:

No	Best Practice Characteristic	Method to achieve and RAG
S10	Procurement performance is managed via a Dashboard which details the performance measures and goals and is linked to the procurement strategies and departmental plans.	Contract data has been moved into Pro-Contract so it can be reported automatically, an additional WIP reporting system has been developed which will be automated into the Procurement Portal.
S11	Performance measures and goals are aligned with the organisation's strategic objectives, goals and values, with the link actively marketed	This document and Enterprising Procurement align County Procurement to the Council's strategic objectives
S12	Internal customer satisfaction and supplier feedback mechanisms are incorporated into the performance measures.	This will be part of the category management approach and will be picked up in the monthly meeting. The procurement portal will allow for feedback.
S13	Procurement work, group and individual job goals are directly linked to the service plan and Performance Dashboard.	Implemented in the category management approach.
S14	Performance results are used to review, change and develop new strategies and goals, and continuously improve the procurement function.	This is delivered in the category approach through the annual planning process

Essential Principles of Procurement Strategy

The procurement strategy is dependent on the Council's strategic objectives, goals and values, coupled with the maturity level of its procurement function. Below are the essential principles for any council's procurement strategy and will be addressed thought the delivery of the strategy:

Essential Principles	Status and Approach
Risk and total cost are balanced.	The Council's Risk Management Strategy has been adopted.
Individual end user customer and overall Council needs are balanced.	Annual and regular planning process being delivered via category management.
The strategies directly enable the three procurement value propositions of effectiveness, efficiency and customer service.	The procurement process is structured to deliver effectiveness and efficiency. Customer Service will be addressed in the Organisational Interface Block.
Effectiveness, efficiency and customer service value are balanced.	Value will be addressed in a wider Value Project.
External influences, such as market and economic conditions, legislation changes and moral obligations are dealt with (e.g. security of supply, talent scarcity,	This will be addressed in 2020-21 plan via the creation of the commercial capability.

carbon tax, social responsibility and sustainability, etc.).	
Procurement personnel are allocated to strategic and tactical roles, with technology and automation utilised to eliminate transactional procurement activities.	Category management will align staff to the organisational structure. The development of Procontract and the Procurement portal will automate a significant portion of work that is currently manually completed.
The other five building blocks for procurement capability (governance, the organisational interface, people, processes and technology) are built and continuously improved.	The annual strategy is revised annually and consists of the five blocks.
Simplicity.	The strategy and annual plan is made as simple as possible.

Strategy Projects – 2019/20

Title	Description	Delivery
St1. Rewrite the procurement strategy based on best practice	Socialise, amend – complete end of October 2019 Sign off – by cabinet as soon as the end of December 2019 The 2020-2025 Procurement Strategy and annual plan including a retrospective of delivery against the 2019-20 annual plan.	Q4 2019
St2. Delivery	Deliver the strategy using one-month sprints using agile/Scrum or any other means deemed appropriate.	Q1, Q2 2019
St3. Write and issue the 2020-21 strategy	Start and complete the process used to generate this document and the annual procurement update report.	Q3, 2019

2. Governance

There is a recognition that there are a number of factors in the Standing Orders Relating to Contracts, which require further work. A project is underway to define the scope and scale of issues, which will be turned into a prioritised list with each item being addressed in order of priority.

A second project will be created under the governance work stream which will look at Value for Money and Social Value, the purpose of which will be to define and agree a common understanding of the various forms of value and to create a standardised approach to delivering enhanced value through purchasing activity.

The governance framework components:

No	Best Practice Characteristic	Method to achieve and Rag
G1	Procurement is responsible for all addressable external spend.	A desire has been expressed to centralise all external spend. This project has not been scoped at the time of writing.
G2	Procurement policies that are simple, consistent with the corporate culture and are embedded.	A project is underway to review the policies and procedures relating to procurement in the contract standing orders. Once complete is will be made available to the organisation via the procurement portal.
G3	A clear, council wide mandate to comply with procurement policies and service planning activities are operative.	A project is underway to review the policies and procedures relating to procurement in the Standing Orders Relating to Contracts.

G4	Effective change management has resulted in the corporate culture supporting the procurement governance framework.	Delivered via the category management approach and creation of the Procurement Portal.
G5	Corporate systems have appropriate controls embedded which support the procurement governance model throughout the organisation.	This is being delivered via the Standardisation project and the Governance Block.
G6	Procurement personnel are empowered to make decisions on behalf of the council in accordance with the policies.	This will be reviewed via the Standardisation project in the Governance Block.
G7	A formal approval framework specifies the authorisation process for procurement spend.	Will be reviewed within the Governance Block through a project to review of the Governance documents including the Standing Orders Relating to Contracts.
G8	Procurement actions are based on ethical principles including probity, fairness, impartiality, accountability and transparency.	This is enshrined in the Council's Constitution Standing Orders Relating to Contracts.
G9	Procurement processes, systems, tools and techniques are documented, referenced and maintained as operating procedures, consistent with the corporate standards.	This is picked up in the Standardisation project and issued via the Procurement Portal.

Procurement Governance Essential Attributes:

Best practice Attribute	Method to achieve and RAG
Procurement dealings are only conducted with approved suppliers.	A drive towards a centralised purchasing capability, which is Council wide with access to a sufficient quantity of pre-approved suppliers to meet the organisation's needs. Increased use of self-service though SAP catalogue and category management to interrogate spend and move it towards Council wide contracts where appropriate.
No goods or services are obtained without a valid purchase order.	Move towards No PO no Pay is in the hands of finance. This may progress in the future with the use of early invoice payment schemes.
Market engagement processes promote effective competition between potential suppliers.	This will be addressed in the Governance work stream.
Formal contracts are operative for high spend or high-risk categories.	Delivered via category management and associated category spend analysis.
Formal authority levels are in place for procurement spend and system generated to optimise processing.	Current procurement protocols are being reviewed to ensure they are effective, with the resulting process being automated in the Procurement Portal.
Confidential procurement information and/or intellectual property are safeguarded.	Pre-Procurement work is captured in the EDRM system. This will eventually move into the Procurement Portal and be dealt with in Microsoft E365.
Conflicts of interest are minimised and effectively managed.	Controls with the Procurement Initiation Documents coupled with the revised Standing Orders Relating to Contracts will deliver this.
Liabilities are provided for and procurement commitments reported.	ProContract advertised spend data will be cross-referenced to SAP vendor spend to ensure there is no contract overspend. This will form part of the Procurement Reporting Pack. The business case process data is also included in the Procurement Reporting Pack.
Ethical standards are promoted.	This will be addressed in the Total Value project

Governance Projects – 2019/20

Title	Description	Delivery
Gov1 - Catalogue and map existing DDC procurement governance arrangements	Review applicable elements of the Standing Orders Relating to Contracts e.g. the procurement protocols and other internal procurement related constitutional elopements and review their effectiveness. Work to be completed with Legal to ensure that there are no unintended consequences of any changes proposed. Once complete the output will be a major revision to the Standing Orders Relating to Contracts, which will be released through the change control process.	Q4 2019 through Q3 2020
Gov2 - Resolve Centralisation vs Decentralisation	There is an initial direction that the ownership of purchasing should be centralised, though detailed work will need to be completed to define how this will be realised. This will be addressed in 2020/21 and is the medium-long term section at the end of this document.	Q4, 2019 through Q2 2020
Gov3 - Total Value project	A project to analyse current value drivers and to develop a Council wide value proposition to ensure maximum value both financial and social are derived from all of the Council's spend.	Q1 Q2 2020
Gov4 - Procurement Policy and Procedures (PPP) document	As part of the initial review of the Standing Orders Relating to Contracts it is clear that there is a requirement to split out policy and procedure from the Constitution, which will signpost readers to the Procurement Policy and Procedures documents. This will reduce the frequency of the changes that need to be made to the Constitution, with low level changes being made in the Policy	Q2, Q3 2020

3. Organisational Interface

This element is broken into two main sub-elements; the first deals with the relationship of County Procurement and the stakeholders within the organisation with second deals with the with stakeholders outside the organisation.

Internal stakeholders:

No	Best Practice Characteristic	Method to achieve and RAG
O1	A procurement communication plan is operative and communicates procurement strategies, plans, activities, measures and results.	The communications plan will be developed though Q4 2019 and Q1 2020.
O2	Service Level Agreements (SLAs) are in place with customers. The SLAs contain joint strategies, activities, actions, and goals that measure the performance of the collaborative relationship.	SLAs will be developed by the Category Managers with each Department. The Head of Procurement will develop and report on Country Procurement KPIs with the Head of Finance, through existing reporting channels.
O3	A procurement intranet site, consistent with the corporate standards, is in place to actively communicate and report procurement information.	A Procurement Portal is being developed using SharePoint as a pilot with Corporate ICT.

O4	An appropriate review is undertaken after every 'project' procurement performs with/for a customer.	The post award review process will be developed through the standardisation process. The process itself will be designed to reduce errors, though there is still an opportunity for lessons to be captured and disseminated via the Procurement Portal.
O5	A customer satisfaction survey is issued to customer groups annually.	This will be provided as part of the procurement process and will be available for all to use on the Procurement Portal.
O6	Results from reviews and surveys are analysed, actioned, marketed to stakeholder groups, and used as a driver for the evaluation of procurement strategies and activities.	Once in place the Procurement Portal will provide this functionality.
O7	Procurement integrates and develops key relationships with internal customers.	This will be delivered through the category management approach.
O8	Procurement accurately understands and supports customer challenges and priorities.	This will be achieved via the category management annual planning process
O9	Procurement proactively identifies improvement opportunities in customer areas.	The category management structure will achieve this with ongoing regular update meetings throughout the year.

Third Party Suppliers:

No	Best Practice Characteristic	Method to achieve and RAG
O10	Procurement owns and facilitates relationship development programs with key suppliers.	Category managers will develop market management strategies as part of their category management process.
O11	Techniques are operative to integrate suppliers into the improvement process.	Category managers will develop market engagement strategies as part of their category management process.
O12	Supplier representation is included in the council's cross functional teams.	Category managers will develop market engagement strategies as part of their category management process.
O13	Joint service plans and projects are in place with suppliers focused on extracting additional value from the collaborative relationship.	Category managers will develop market management strategies as part of their category management process.
O14	Opportunities and risks are shared with suppliers to optimise procurement results.	Category managers will develop market management strategies as part of their category management process.
O15	Supplier initiated savings are operative, recognised and rewarded.	Category managers will develop market management strategies as part of their category management process.
O16	Two-way service information updates are regularly held with suppliers (e.g. Quarterly briefings, monthly meetings, supplier councils, newsletters, etc.).	Category forward plans (where appropriate) will be shared with the relevant market segments via the market engagement strategy.
O17	A supplier recognition and awards program is in place that formally recognises and rewards supplier contributions	Category managers will develop market management strategies as

		part of their category management process.
O18	Procurement's values, particularly around ethics, safety, environment, community and sustainability are promoted with suppliers.	Category managers will develop market management strategies as part of their category management process.

What does success look like?

Components for the organisational interface are as follows:

Best Practice Characteristic	Method to achieve and RAG
Procurement has a seat at the table at the highest levels in the organisation.	Development of a Procurement Leadership Forum to drive 'Total Value' in all spend
Procurement is responsible for all addressable external spend.	Work with Finance and the Constitution to ensure that all 3rd party spend is addressed in the most effective manner.
Procurement is an attractive career within the organisation and there is a clear career path within, and beyond, the function.	Work with HR and promote Procurement in the Council as an exceptional career option for exceptional people.
Procurement provides a clearly defined professional track for procurement staff striving for executive level positions.	Work with HR and promote Procurement in the Council as an exceptional career option for exceptional people.
Procurement has a strategic influence on the conduct of the overall business.	Development of a Procurement leadership forum to drive 'Total Value' in all spend
Procurement Strategy is an integral component of the overall Corporate Strategy.	Embed the annual Procurement Strategy and departmental planning process into the DMT, ensure that demonstrating total value is mandatory.
The corporate culture complies with procurement regulations, policies and initiatives.	Redesign the Procurement protocols and Standing Orders Relating to Contracts so that they are truly value adding to those using them and then enforce the Constitution such that those who wilfully ignore them and place the Council at legal and reputational risk are dealt with accordingly
Procurement articulates a credible business case for increased involvement and collaboration in customer areas.	County Procurement's category management infrastructure is embedded into departments; effectively supporting with excellent service and driving towards 'total value'.
Procurement is a driver in integrating and developing key relationships between internal customers and suppliers.	Category management utilises the external facing Organisational Interface to co-develop market strategies with departmental partners.
Suppliers are integrated into the improvement process.	The category management market strategy develops meaningful relationships with the supply chain.
Supplier initiated savings are plentiful.	A consequence of the effective market management strategy.
Suppliers' share procurement's values, particularly around ethics, safety, environment, community and sustainability.	A consequence of the effective market management strategy.

Organisational Interface Projects – 2019/20

Title	Description	Delivery
Org1. Implement category management including SRM	This is an essential element in the procurement maturity journey and will provide the foundation stone of the Council's ability to consistently and effectively manage.	Q1 2020 through Q3 2020

Org2. Category Managers to develop market engagement and market management strategies as part of their Category Plans.	As part of the implementation of category management, there will be a requirement to create a series of management documents to ensure the category is managed correctly and for effective decision to be made as to how best to influence and drive value from the market.	Q3 2019 though Q3 2020
Org3. Develop an internal and external communication plan	This will allow the Council to identify target audiences and to create a suite of tailored communications to effectively pass messages to and from the market. This will be largely informed by the Category Mangers for a given category of spend. Internal communications of performance and access to the policy and procedures will be made available via the procurement portal one online.	Q2 2020 through Q 2 2020

4. People

The People block is subdivided into two sub-block, which are People and Performance and Training Development.

People and performance:

No	Best Practice Characteristic	Method to achieve
Pe1	The best people are recruited, high performers are rewarded and retained aggressively, and underperformers are developed before being managed out.	Working with HR to develop a Staffing Strategy.
Pe2	Service plan and balanced scorecard outcomes are directly linked to work group and individual job goals.	Developed as part of implementing category management
Pe3	The achievement of job goals is in turn linked to performance review systems, incentive systems and remuneration.	Developed as part of implementing category management
Pe4	360 degree feedback systems are in place.	My plan and 1:2:1 sessions are in place, this will be augmented with client feedback through the Procurement Portal feedback process.
Pe5	The work environment reflects the shared values espoused in the Departmental Service Plan.	The move to Chatsworth Hall has enabled a more cohesive and collegiate team to form. Clear direction from the Head of Procurement has installed effective line management mechanisms in place and the rebranding to County Procurement has begun the process of developing a strong brand and identity for the team.
Pe6	Personnel demonstrate an overriding commitment to ethics, health, safety, environmental and community responsibility.	The newly formed team is performing well and is currently using legacy processes; however, work is required to create the infrastructure that allows officers to more effectively demonstrate these commitments.
Pe7	Success is celebrated.	Monthly procurement leadership meeting has an agenda item to celebrate success and exceptional behaviour. More can always be done and further options will be reviewed.
Pe8	Wellbeing and morale are tracked (e.g. employee satisfaction, safety, turnover, absenteeism) and actions are operative to increase moral and motivation.	A new structure has been established which consolidates Business Service Support which will ensure training is completed and general

		wellbeing and morale are tracked and issues escalated to be acted on.

Training and development:

No	Best Practice Characteristic	Method to achieve
Pe9	Roles have defined technical and personal competency requirements.	All role definition is complete and up to date.
Pe10	Procurement personnel are assessed against the role competencies and individual training plans are developed and managed to close the gaps.	Management review staff performance via My Plan and regular 1:2:1 session with management to identify gaps and resolve performance issues.
Pe11	People development strategies are regularly reviewed in light of current progress, participant feedback, changes in strategic direction, market conditions and technology.	Regular 1:2:1 meeting with management and My Plan reviews ensure that development is regularly reviewed and fed into the leadership forum.
Pe12	Succession planning is operative and linked to training and competency requirements of individuals.	The use of the apprentice scheme to create a flow of new talent and the processes of promoting from within ensures a career development process.
Pe13	Training towards MCIPS is actively promoted and facilitated.	Done –This is embedded in the HR process for County Procurement.
Pe14	Programmes are in place for procurement trainees and graduates.	CIPS and MCIPS is available through the Council and further training is available through the Apprentice Fund, which staff are able to utilise. Further courses and events are also attended with a requirement to bring back and share knowledge gained whilst at these events.
Pe15	Procurement is an attractive career within the Council and there is a clear career path within, and beyond, the function.	Once completed, the Procurement Portal will act as the central repository for career details for the organisation, showing potential candidates the available career routes though procurement.

People Projects – 2019/20

Title	Description	Delivery
PEO1. Develop a People Strategy	This will identify the current status of the County Procurement team and identify how to enhance existing resources and to ensure a continued flow of excellent candidates into the team as and when positions become available. This should also review the Council's competitiveness as an employee against the likes of the NHS who will be looking to attract talent away from the Council.	Q2 2020
PEO2. Complete the recruitment of outstanding posts	Moves and change have meant there are currently a number of vacancies and the desire to include a commercial function and possible centralisation of purchasing across the Council will mean active recruitment and general HR activity thought the second half of the transformation programme.	Q4 2019 though 2020
PEO3.Training and Development	As a subset of the people strategy: to ensure all outstanding required training is completed and future requirements are captured, and plans are in place to have people trained so they have the required tools.	Q4 2019, Q1 2020

5. Processes

The processes relating to the procurement are divided into two main sub-sections; i) the Source to Contract; and ii) Procure to Pay. Source to Contract deals with the larger procurements where direct procurement support by a procurement professional is required by the organisation; the second Procure to Pay process deals with self-service by a purchaser from the SAP system where an overarching contract or agreement has been put in place.

Source to Contract Process

This element of the block is further divided into three sub blocks that represent the stages of the procurement cycle, namely, i) Plan; ii) Engage; and iii) Manage.

Plan: This sub-block plans the entire sourcing initiative and focuses on designing the sourcing strategy for the category.

No	Best Practice Characteristic	Method to achieve and RAG
Pr1	Needs analysis and start-up identifying the need, gathering the baseline data, quantifying the opportunity, identifying stakeholders and initiating the cross functional team.	The Procurement Initiation Document and associated process manages the known procurements. Category management plans will allow for analysis of opportunities where spend improvements via aggregation and tail spend consolidation can occur.
Pr2	Category and market analysis analysing category spend patterns, supplier and market conditions, and developing specifications and cost drivers.	Data is being integrated from ProContract and SAP to allow for vendor spend to be recorded against contract spend. Further vendor spend analysis against categories will allow category leads to develop activities to increase value.
Pr3	Sourcing strategy testing and refining sourcing options to create a sourcing strategy.	This will be the responsibility of the Category Manager once in place and embedded

Engage: This sub-block selects the supplier(s) best able to meet the category objectives, reflects the outcome in a contract, and transitions the arrangement to contract management.

No	Best Practice Characteristic	Method to achieve and RAG
Pr4	Go to market creating the RFx, evaluating proposals and risks, conducting negotiations and selecting the optimal supplier(s).	The procurement processes are being standardised and run through the ProContract sourcing system.
Pr5	Transition executing the contract, communicating the outcome, developing the operational plan, transitioning to contract management, and conducting a project review.	This is addressed in ProContact and involves 'promoting' the project to a contract, which then triggers contract reviews and other contract management activities. Project reviews are not currently undertaken.

Manage: This sub-block implements the contract, and proactively manages the supplier relationship, contract and category performance.

No	Best Practice Characteristic	Method to achieve
Pr6	Contract start-up implementing the contract.	There is currently no standardised contract management approach used across the Council. This will be addressed as part of the ProContract and category management work.
Pr7	Supplier relationship management sharing opportunities and risks with suppliers to maximise results.	This is not currently routinely carried out and a system will be developed as part of the category management planning process.
Pr8	Contract and performance management managing supplier and contract performance against category objectives.	This is not currently routinely carried out and a system will be developed as part of the category management planning process.

No	Best Practice Characteristic	Method to achieve
Pr9	Value discovery, rigorous assessment of category performance and situation as input into the appropriate future category strategy.	This is not currently routinely carried out and a system will be developed as part of the category management planning process.

Procure to pay:

No	Best Practice Characteristic	Method to achieve
Pr10	Catalogue is searched and drawn upon for the creation of requisitions.	The commercial capability will undertake analysis to determine opportunities to move into catalogues that are able to be used across the Council.
Pr11	Requisition is approved with minimal delay and high accuracy.	This is completed via the OrderPoint/SAP system.
Pr12	RFQ (request for quote) is issued to suppliers and responses are evaluated.	Work is underway to confirm if this will be done in ProContract or OrderPoint; once agreed it will be implemented accordingly.
Pr13	Purchase order is created and issued to the supplier.	This is completed via the OrderPoint/SAP system.
Pr14	Purchase order status is updated through expediting sub-processes.	This is completed via the OrderPoint/SAP system.
Pr15	Physical receipt of the material, validation of hours worked or completion of a service scope or specification is acknowledged.	This is completed via the OrderPoint/SAP system.

Process Projects – 2019/20

Title	Description	Delivery
PRO1 - Complete the Standardisation of all Processes and Procedures	This is an ongoing project to ensure that there is a single standardised set of processes and procedure that are in use and that any changes that are required are done via an agreed change control process.	Q4 2019 through Q3 2020
PRO2 - Develop the Procurement Policy and Procedure Documentation	This will be related to the review of the Standing Orders Relating to Contracts and will contain all the required and applicable Procedures and Policies relating to Procurement, which will be signposted from the Standing Orders Relating to Contracts and will enable anyone in the Council to easily understand what is required for any type of spend and how to function in the Council.	Q4 2019 through Q3 2020
PRO3 - Implement the Contract Element of the Category Management process	This will sit alongside the requirement into post of the Category Management structure and will form the basis for how category management will be conducted by County Procurement	Q4 2019 through Q3 2020

6. I&T

Information and Technology projects include both projects where County Procurement have direct control such as with ProContract and with wider Council IT project where County Procurement is dependent on an external party to deliver. This area also deals with the approach to managing all information assets both in terms of accurate record keeping and utilising data to inform decision making.

No	Best Practice Characteristic	Method to achieve and RAG
I&T1	All procurement activity is managed electrically and linked to the finance system where possible.	Pre-Procurement is captured via the TID process, which will be automated via the Procurement Portal. Once live the procurement is run via the ProContract system as is the contract management. Monitoring of spend against

		advertised value is monitored by a data model that combines data from the SAP and ProContract system.
I&T2	Manual intervention and rekeying in minimised.	Work is underway to automate as much of the end to end procurement cycle as is possible.
I&T3	Contract management activities are automated where possible.	The move of all contract data to ProContract is underway and this will become the default location for all contract management.
I&T4	Inventory is optimised by the system and automatically replenished.	The use of catalogues and online ordering will go as far towards this as is possible. Much of the operational decision making resides outside procurement. Once category management is in place and it is possible to demonstrate the financial and operational benefit of such systems, it will be then reported back to the relevant business area.
I&T5	RFID or barcoding technology is used for efficient warehousing.	This element is addressed outside of procurement.
I&T6	Invoices received from suppliers are electronic (i.e. E-invoices) or recipient created tax Recipient Created Tax Invoices (RCTI) are used in lieu of supplier invoices.	This element is addressed outside of procurement.
I&T7	Invoices are electronically matched with the purchase order and receipt.	This element is addressed outside of procurement.
I&T8	ETF (Electronic Funds Transfer) is used for payment and remittance advices are electronically transmitted to the supplier.	This element is addressed outside of procurement.
I&T9	Suppliers view the status of their invoices via the internet or a self-service portal.	This element is addressed outside of procurement.
I&T10	Purchasing cards and travel cards (e.g. Visa, American Express) are used and reconciled electronically.	This element is addressed outside of procurement.
I&T11	System reporting on procure to pay activities is operative.	Reporting capability is being developed and once complete there will be detailed reporting for each stage of the procurement lifecycle and other relevant aspects of performance including value creation.

I&T Projects – 2019/20

Title	Description	Delivery
Tec1 – Pro-Contract Enhancements	Implement the current activity to reconfigure ProContract. This will increase the availability of contract data and standardise the ways of working in the system and automate the reporting of transparency data.	Q4 2019, Q1 2020
Tec2 - Procurement Portal	The creation of the Procurement Portal will be the central location for all procurement-based documentation and will hold the master live copies of all process documents. It will provide answers to FAQs, links to relevant materials outside the organisation and performance data. The future development will also allow for process automation so that a person can raise requests for service via the Procurement Portal.	Pilot due Q4 2019, further development through Q1,2,3 of 2020

Tech 3- Technology Strategy	Create a technology blueprint and rolling five year roadmap.	Q1 to Q2 2020

Medium-Long Term View 2021-24

This section identifies items that will be considered over the coming year, though are further into the future than require detailed planning and delivery in this planning period. It is expected that each year some of these items will move into the Annual Strategy Delivery Plan for a given year, and some items will be removed as they become irrelevant. Having a weather eye on distant future events allows for a degree of preparation thus preventing issues arising though lack of foresight and preparation.

Block	Description of Medium-Long Term Item
Strategy	
Post Brix – Procurement	Possible post Brexit changes to procurement Regulations. There are a number of potential aspects that could change the way in which procurement is governed. This following link gives some insight to the direction travel of the Government: https://www.gov.uk/guidance/public-sector-procurement-after-a-no-deal-brexit Whilst not imminent and whilst there is still uncertainty about how the UK will leave the EU, it is fair to assume that post Brexit, there will be changes to how Government addresses procurement. This situation should be monitored and brought forward if required.
Governance	
Future purchasing organisation	There is an intention to centralise the responsibly for purchasing of all goods and services. The specific details are not yet defined, and this will involve changes to the Constitution, for example, with contract management, finance, resource allocation, and systems and processes to support the new way of working. This is something that should be picked up in the 2020/21 Annual Strategic Delivery Plan.
Organisational Interface	
County/Regional Business engagement	As category management matures, commercial capability is implemented and data becomes more usefully available, this information should be made available to the market. A project will need to be established in respect of this.
People	
Commercial Capability	The drive towards an Enterprising Council means that the Council will be involved with a greater number of hybrid commercial models from Latco, Almo, Alpo and a host of other iterations. This, coupled with a desire for the Council to act in a more commercial manner, requires that capability and capacity be put in place to ensure that the Council can capitalise on opportunities that arise. There is an intention to implement a commercial capability with the procurement function, however the actual means to do this are not yet defined.
Process	
Process Automation	Further to the work to standardise the processes and procedures used by County Procurement, the next stage will be to automate the end to end

	procurement system. The initial pilot of the E365 environment should be sufficiently mature in the next year or two to allow for process automation to take place such that a request for service from a business user can be made on an online system and worked on by a number of relevant stakeholders though the entire process journey. This automated system will also provide general management information regarding work in the system as well as any exceptions or issues.	
I&T		
	Replacement for ProContract: the current ProContract contract expires in 2023 so this will not need to be picked up until 2021.	
	Work is underway to upgrade SAP, so it would be wise to investigate the extent to which SAP could provide a single system end-to-end procurement solution.	

Appendix 1, 2018-2021 Procurement Strategy deliverables carried over.

Below is a table showing the activities that were started in the 2018-19 period and have either not been started or have been started and not yet been delivered. The table shows which of the new building blocks the previous deliverable will be moved to. This transition is a one off and subsequent annual strategy documents will not need this step.

Figure 2, Procurement Strategy 2018-2021 - Items not started and carried over

No	2018-2022 - Objective Title	Current Status	2019-24 Project
Objective 2: Value for Money (VfM)			
2.2	Support and promote an understanding of what VfM means in practice across the Council.	Not yet started	Governance - Value Project
2.3	Maintain VfM as a key principle underlying all procurement processes and ensure it remains a clear and central focus through the life cycle and management of all contractual arrangements.	Not yet started	Governance - Value Project
2.4	Develop whole life costing models to assess and evaluate costs and benefits (including Social Value) over the lifetime of goods, works and services.	Not yet started	Governance - Value Project
2.5	Encourage and promote the use of joint working, collaboration and partnership arrangements, to deliver cost savings through economies of scale.	Not yet started	Governance - Value Project
2.6	Deliver year on year efficiencies and savings through the contractual arrangements we establish and manage.	Not yet started	Governance - Value Project
2.7	Challenging procurement approaches which do not optimise VfM.	Not yet started	Governance - Value Project
Objective 3: Social Value			
3.1	Ensure contractual terms require primary contractors to act fairly in their dealings with sub-contractors and supply chains, including mandating timely payments.	Not yet started	Governance - Value Project
3.2	Consider, for each procurement project, how what is procured might improve the economic, social, and environmental well-being of Derbyshire residents and how that improvement might be secured, where relevant and proportionate, in line with the Public Services (Social Value) Act 2012.	Not yet started	Governance - Value Project
3.3	Ensure technical specifications address the requirement for services to be equally accessible to everyone and appropriate to the diverse needs of all sections of the Derbyshire community.	Not yet started	Governance - Value Project
3.4	Consider whether it is appropriate, on the basis of the user requirement and specification, to reserve contracts for organisations providing supported employment opportunities for people with disabilities.	Not yet started	Governance - Value Project
3.5	Produce clear guidance on additional value principles into procurement decision making such as the use of sustainability, equalities and Social Value impact assessments.	Not yet started	Governance - Value Project
3.6	Review our implementation of the Public Services (Social Value) Act 2012 to ensure it remains proportionate and fit for purpose.	Not yet started	Governance - Value Project

	Objective 5: Strategic Sourcing		
5.1	Utilise benchmarking where possible to understand how the Council's contracts perform in comparison to similar contractual arrangements put in place by comparable organisations and the NPS for Local Government in England (current version 2014).	Not yet started	People – Category Management
5.4	Work with partner organisations including the Derbyshire Economic Partnership, The East Midlands Chamber of Commerce and The Federation of Small Businesses to support SMEs and VCSEs to improve access to information about the Council's procurement processes and the tender opportunities advertised by the Council.	Not yet started	Organisational Interface – Communication Strategy
	Objective 7: Supplier Relationship Management (SRM)		
7.1	Adopt a robust approach to contract and supplier management.	Not yet started	Process – Category Management
7.8	Seek innovation from suppliers to help improve efficiency and reduce procurement and operational costs.	Not yet started	Process – Category Management

Figure 3, Procurement Strategy 2018-2021 - Items started and carried over

N0	Objective Title	Current Status	2019-24 Project
Objective 1: Governance and Guidance			
1.1	Raise awareness and share understanding within the Council of the complex regulatory framework in which procurement operates, and improve understanding of high risks in respect of financial, legal, environmental, health & safety and reputational impacts.	Progressing	Governance – Procurement Portal
1.4	Secure commitment to effective, consistent and coordinated procurement from members and officers in order to achieve the delivery of high quality, innovative and cost-effective services.	Progressing	Organisational Interface – Communications Plan
1.8	Develop and update as required, standard template procurement documentation to be used across the Council.	Progressing	IT – Standardisation
1.9	Publish and monitor the use of standard procurement documentation templates and associated guidance on the Council's Procurement Connection website.	Progressing	IT - Procurement Portal
1.10	Develop an eLearning module to provide all current and new Council staff with an understanding of procurement.	Progressing	IT – Procurement Portal
1.11	Publish datasets in line with and where possible exceeding the requirements of the Local Government Transparency Code 2014 (The Code).	Progressing	IT – Pro-Contract
Objective 4: Skills and Development			
4.1	Ensure that procurement practitioners have the necessary commercial skills to engage and develop relationships with providers, as well as engage and negotiate effectively with suppliers to influence and respond to a change in demand or supplier approach.	Progressing	People – Category Management
4.7	Gather evidence and case studies of good and effective commissioning and procurement to share and enable best practice.	Progressing	IT – Procurement Portal
Objective 5: Strategic Sourcing			
5.2	Use the information available through the Council's Core Finance and Procurement System (SAP) to identify high volume - low value and repeat off contract -contract purchases.	Progressing	IT – Category Management
5.3	Consider, where appropriate, the options to break-down and package requirements into Lots, to open more opportunities to a larger more diverse number of suppliers, including those in the local area.	Progressing	People – Category Management
5.5	Continue to promote the Source Derbyshire website (www.sourcederbyshire.co.uk), which is part of the wider Source East Midlands initiative, as the primary location where information about all of the Council's tenders can be found, including information on the option to set up tender alerts for future opportunities.	Progressing	IT – Information Strategy/ Roadmap
5.6	Promote opportunities for collaboration between departments and other public sector bodies, to make better use of available procurement resources.	Progressing	Organisational Interface - SRM
5.8	Extend the use of available procurement IT across the Council, including the Council's retendering portal and capitalising on the benefits of the additional functionality being developed through SAP.	Progressing	IT – Information Strategy/ Roadmap
5.10	Work with partner organisations to promote effective collaboration to achieve economies of scale, greater buying power and VfM.	Progressing	Organisational Interface – Supplier

				Relationship Management (SRM)
5.12	Establishment of appropriate governance arrangements responsible to the Enterprising Council Board, to oversee the development of the Strategic Sourcing approach and to identify opportunities for improving outcomes and/or increasing VfM through a strategic review of planned procurements.	Progressing	Governance – Value Project	
Objective 6: Category Leads				
6.1	Identify the main spend categories across the Council, through an assessment of current and future requirements, historical spend and existing arrangements.	Progressing	People – Category Management	
6.2	Develop innovative and bespoke strategies and goals for each category that address the specific challenges, risks and opportunities of that service area.	Progressing	People – Category Management	
6.3	Utilise in depth knowledge of the service area need, market, supplier base, and delivery options to develop the requirements and procurement processes that are most appropriate to the specific areas of the market.	Progressing	People – Category Management	
6.4	Continuously monitor and develop the category areas, to address both changes in the markets and additional areas of spend that County Procurement is involved with.	Progressing	People – Category Management	
6.5	Review market information to identify areas where there is significant risk to service viability and sustainability.	Progressing	People – Category Management	
Objective 7: Supplier Relationship Management (SRM)				
7.1	Using the relevant mechanisms such as the Enterprising Council Board and VfM Board to monitor compliance with contractual terms, ensuring procurement activity commences in a timely way to avoid unnecessary contract extensions and/or price increases. To ensure a whole Council view of contract end dates to enable strategic review of the appropriate consolidation of individual contracts, to fit with the Council's strategic priorities.	Progressing	Process – Category Management	
7.2	Ensure SRM, including contract management, is recognised as an integral part of the procurement cycle, which is integrated into the procurement process and can be evidenced.	Progressing	People – Category Management	
7.3	Scrutinise contractual arrangements following award, including consistent measuring and monitoring throughout the life cycle to ensure the stated benefits and service levels are achieved.	Progressing	Organisational Interface – Category Management	
7.4	Apply a pro-active and effective approach to the management of established contractual arrangements, ensuring suppliers are supported to enable them to meet their obligations; determine and manage risks; and identify and introduce opportunities to generate further savings and efficiencies.	Progressing	Organisational Interface – Category Management	
7.5	Identify and develop bespoke performance measures and indicators that are relevant to specific requirements and contractual arrangements.	Progressing	Process – Category Management	
7.6	Ensure we have the most appropriate and proportionate commercial mechanisms in place for SRM, including contract management. Identifying strengths and weaknesses and applying this knowledge and understanding to new contracts.	Progressing	Process – Category Management	
7.7	Develop processes to identify contractual spend, benefits, efficiencies and feedback from stakeholders regarding the quality of goods, works or services provided.	Progressing	IT – Category Management	
7.9	Develop a corporate approach to recording and monitoring contractual arrangements.	Progressing	IT – Pro-Contract	

Figure 4, Table of legacy strategy elements referenced against 2019-20 planned projects

Project Title/Building Block	Strategy	Governance	Organisational Interface	People	Processes	I&T
Value Project		2.2,2.3,2.4,2.5, 2.6,2.7,3.1,3.2, 3.3,3.4,3.6,5.12,				
Create Procurement Portal		1.1				1.9,1.10,4.7
Implement Category Management			7.3,7.4	4.1,5.1,5.3,6.1,6.2,6.3,6.4,6.5,	7.1,7.5,7.6,7.7,7.8	5.2,

Pro-Contract						1.11,7.9
IT Strategy/ Roadmap			5.8			5.5
Supplier Relation Management (SRM)			5.6,5.10			
Standardisation						1.8
Communications Plan			1.4,5.4			